

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held as a **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 29 MAY 2024** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

## **AGENDA**

### **APOLOGIES**

#### **APOLOGIES**

**Contact Officer:**

#### **1. MINUTES**

**Contact Officer: Democratic Services - (01480) 388169**

#### **(a) Minutes 20th March, 2024 (Pages 5 - 10)**

To approve as a correct record the Minutes of the meeting of the Committee held on 20th March 2024.

**Contact Officer: David Knight - 01480 388169**

#### **(b) Minutes - 18th April 2024 (Pages 11 - 16)**

To approve as a correct record the Minutes of the meeting of the Committee held on 18th April 2024

**Contact Officer: David Knight - 01480 388169**

#### **(c) Minutes - 22nd May, 2024 (Pages 17 - 18)**

To approve as a correct record the Minutes of the meeting of the Committee held on 22<sup>nd</sup> May 2024.

**Contact Officer: David Knight - 01480 388169**

#### **2. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary, other registerable and non-registerable interests in relation to any Agenda item. See Notes below.

**Contact Officer: David Knight - 01480 388169**

**3. INTERNAL AUDIT PEER REVIEW CHALLENGE ACTIONS - UPDATE**  
(Pages 19 - 32)

To update members on the achievement of LGA peer challenge review actions.

**Contact Officer: Karen Sutton 01480 387072**

**4. ANNUAL GOVERNANCE STATEMENT**

Approval of the Annual Governance Statement is to be considered under **Item 5 recommendation A (Appendix 1)**

**Contact Officer: Karen Sutton 01480 387072**

**5. DRAFT STATEMENT OF ACCOUNTS 2023/24** (Pages 33 - 148)

To receive a report from the Chief Finance Officer on the Draft Statement of Accounts 2023/24 – **TO FOLLOW**

**Contact Officer: Sharon Russell-Surtees 01480 388524**

**6. INTERNAL AUDIT SERVICE: ANNUAL REPORT 2023/24** (Pages 149 - 168)

To receive a report from the Director of Finance and Corporate Services outlining the Internal Audit Service Annual Report 2023/24

**Contact Officer: Karen Sutton 01480 387072**

**7. INTERNAL AUDIT PLAN AND CHARTER 2024/25** (Pages 169 - 186)

To receive a report from the Director of Finance and Corporate Services outlining the Internal Audit Plan for 2024/25.

**Contact Officer: Karen Sutton 01480 387072**

**8. EXTERNAL AUDIT PLAN 2023/24**

To receive an oral update on the External Audit Plan 2023/24.

**Contact Officer: Karen Sutton 01480 387072**

## **9. EXTERNAL AUDITOR BRIEFING**

To receive an oral update on the External Auditor briefing.

**Contact Officer: Karen Sutton 01480 387072**

## **10. CORPORATE RISK REGISTER (Pages 187 - 206)**

To consider a report by the Director of Finance and Corporate Resources on the latest Corporate Risk Register.

**Contact Officer: Karen Sutton 01480 387072**

## **11. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 207 - 210)**

To receive the Corporate Governance Committee Progress Report

**Contact Officer: David Knight - 01480 388169**

Dated this 10 day of June 2024

*Michelle Sacks*

**Chief Executive and Head of Paid Service**

### **Disclosable Pecuniary Interests and Non-Statutory Disclosable Interests**

Further information on [Disclosable Pecuniary Interests and Non - Statutory Disclosable Interests is available in the Council's Constitution](#)

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**Please contact Democratic Services, Tel: (01480) 388169 / email: Democratic.Services@huntingdonshire.gov.uk if you have a general query**

**on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.**

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Agenda and enclosures can be viewed on the [District Council's website](#).

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 20 March 2024.

PRESENT: Councillor N Wells – Chair.

Councillors A Blackwell, E R Butler,  
J A Gray, J E Harvey, P J Hodgson-  
Jones, A R Jennings, P Kadewere and  
I P Taylor.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors J Clarke, S A Howell and T D Sanderson.

### **51. MINUTES**

The Minutes of the meeting of the Committee held on 24th January 2024 were approved as a correct record and signed by the Chair.

### **52. MEMBERS' INTERESTS**

No declarations were received.

### **53. CORPORATE RISK REGISTER**

With the aid of a report prepared by the Director of Finance & Corporate Resources (a copy of which is appended in the Minute Book) the Committee was reminded that it had requested the latest version of the Corporate Risk Register should be presented at each Committee meeting. A summation of the discussions is outlined as follows.

By way of background, the Director of Finance & Corporate Resources reported that effective risk management is a critical part of the organisation's governance. The Risk Register identifies those areas where HDC should take action to mitigate its exposure and informs the annual plan for Internal Audit. More information on this can be found in the Council's Risk Management Strategy.

As part of a full and wide-ranging discussion on the report the Committee considered the risks to HDC and if these are being managed in line with the Risk Management Strategy. The

Committee agreed that effective risk management is a critical part of governance within HDC and that the Risk Register identifies those areas where HDC should take action to mitigate its exposure and informs the annual plan for Internal Audit.

Arising from a question raised by Councillors Gray; Jennings and Hodgson-Jones the Committee (i) asked to receive a breakdown of where and the reasons for risks having moved from one risk category to another; (ii) noted that Corporate risks are those of significant, cross-cutting strategic importance that require the attention of the Council's most senior managers and elected members. Such risks can be roughly split into two types: those that could principally affect the HDC and the residents of Huntingdonshire and others that relate more to the way HDC runs its organisation internally. Each corporate risk has a rating based on a combined assessment of how likely the risk is to occur, its probability and its potential impact after considering the controls already put in place. Such risks are reviewed and updated regularly through horizon scanning, benchmarking and in response to findings from inspections and audits, government policy changes and engagement with staff and the public; and; (iii) noted that HDC has adopted a wide range of controls to address the risks of cyber-attacks that aim to ensure the resilience of IT systems and prevent any adverse impact from daily attacks e.g. 'filtering', 'blocking' and 'scanning' to prevent breaches of the HDC IT network, council devices and systems.

As a result of observations made by Councillor Blackwell the Committee commented that it would be useful for there to be a glossary of the abbreviations used in reports to be made available to address any contextual ambiguity of such acronyms and to provide the Committee with some lucidity to aid in its discussions.

Following further discussion on the risks faced by HDC it was recognised that to ensure full understanding of the risk landscape and wider contextual factors it was important to be mindful of any potential changes in direct funding from national government together with taxes on commercial properties and residential properties could prove to be significant risks and happen swiftly at any time. Whilst the Spending Review and the quest for sustainability will remain critical concerns for HDC.

The Committee having considered and commented on the report **RESOLVED** to formally note that:

1. progress and performance made on the risks to the organisation is being managed in line with the Risk Management Strategy.

#### **54. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS**

With the aid of a report prepared by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee received an update on the implementation of audit actions. A summation of the discussions is outlined as follows.

By way of background, the Director of Finance & Corporate Resources introduced the report and as a result of discussions on the matters raised it was acknowledged that there are potentially risks behind every purchase and whilst they cannot be avoided, they can be managed by identifying both internal and external risks to the supply chain. Then eliminating those situations that would put HDC at unnecessary or increased risk. Therefore, it is important that HDC has effective risk management to map out those potential risks, the likelihood of their occurrence, and whether or not they can effectively avoid those risks without disturbance to the Council's supply chain.

Following comments from Councillors Gray and Jennings the Committee was in agreement that the activities of the Internal Audit team are pivotal to the organisation's governance and control processes and therefore need to be properly resourced. As the outcomes of the Audit Teams activities will establish, if there is the necessary controls and processes in place these will show where any improvements should be made. Tracking the recommendations and closure of these is key to maintaining good control and evidencing the organisation's commitment to delivering good quality, high value for money services with good control and compliance with the relevant statutory obligations.

The Committee acknowledged that procurement within HDC needs to be properly resourced as effective procurement has never been more important with increased economic pressures on the Council and its suppliers to look beyond the financial cost of a contract to consider how the services HDC commissions and procures can improve the quality of life for local people and create a better Huntingdonshire for future generations. Whilst reflecting the Council's commitment to equality, diversity and inclusion through how HDC deliver, resources and transforms all of its services in a way that is inspiring, collaborative, accountable, respectful and enterprising.

Members also wanted to make sure that the Council builds into the HDC grant applications, the cost of providing that procurement and secondly improves resilience through (i) clear governance, (ii) audit trail, (iii) effective contract management and (iv) transparency. Accordingly, the Committee therefore agreed that it needs to formally express its concerns to the Chief Executive and the Cabinet that investment in the

procurement process is essential to ensure that it functions effectively. The Committee was advised that Councillor S W Ferguson the Executive Councillor for Customer Services was meeting with the Council's Chief Executive and would be stressing that such investment takes place as a priority. In addition, the Committee Chair Councillor N Wells indicated that he would also be raising this matter with the Chief Executive.

Following comments from Councillor Hodgson-Jones the Committee asked why this issue was not on the corporate risk register as procurement has an impact, not just financial but where HDC gets the incorrect price for goods and services or purchases the inappropriate goods and services. This means the process of procuring these goods and services needs to be undertaken again and also has an impact on the reputation of HDC. Therefore, if there are audit actions on procurement that simply are not progressing as expected then the Committee should be looking at including this on the register of potential risks relating to procurement. Accordingly, the Director of Finance & Corporate Resources agreed to undertake to discuss this with the Senior Leadership Team.

The Committee also noted under the Outstanding Audit Action No. 1680 Fuel Usage and Payments (a copy of which is appended in the Minute Book) the reference to the requirement for a spare 50,000 litre tank at the Councils Eastfield House for the storing of Hydrogenated Vegetable Oil (HVO) as part of the trial to reduce the need for hydrocarbon fuel (i.e. diesel) the outcome of this trial will determine if there will be an ongoing need for a spare 50,000 litre tank.

Members also requested an update in regard to Outstanding Audit Action No. 1658 Shadow IT/Service-Procured Systems (a copy of which is appended in the Minute Book) about revising the Council's Code of Procurement including both new thresholds and terminology.

The Committee was informed that in regard to Outstanding Audit Action No. 1613 Small Works Contract (a copy of which is appended in the Minute Book) responsibility for this action has been reviewed and will be formalized once the contract has been let and the intention being that the new contract will be awarded in April 2024.

The Committee was notified that with regard to Outstanding Audit Action No. 1652 Corporate Enforcement Policy (a copy of which is appended in the Minute Book) an action has been included within the Community service plan to be rewritten and to then have approved as a new Corporate Enforcement Policy. It was noted that this policy is intended to inform the public of the Council's enforcement policy and operational guidance relating to the enforcement of environmental crime that covers a



diverse range of issues such as noise, litter, waste and refuse, dogs and pests.

Finally noted that the HDC Internal Audit Manager was on a leave of absence and arrangements had therefore been made to ensure continued independent evaluation of risk management, control and governance processes.

The Committee having considered and commented on the report **RESOLVED** to formally recommend to the Cabinet that as a priority.

- A. The HDC Audit Team needs to be properly resourced.
- B. Procurement should be included within the HDC Corporate Risk Register.

## **55. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT**

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings. As a result of discussions on the report:

The Chair provided an update on the Appointment of Independent Members to Corporate Governance Committee including the level of remuneration, term of office, the length of their appointment and start date.

Members requested for details on the progress of actions in response to any decisions taken at previous meetings. With regard to the Internal Audit Progress Report the Committee agreed that it was very important to have a thorough discussion with Ernst & Young at the next meeting given the number of ongoing issues concerning the progress of this report.

Members noted that with regard Local Government Association Governance Peer Challenge a report will be presented to a Sub-Group of the Corporate Governance Committee and then to Council subsequently the Committee would oversee the progress against all the recommendations.

Chair

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## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Thursday, 18 April 2024.

PRESENT: Councillor N Wells – Chair.

Councillors A Blackwell, J E Harvey,  
P J Hodgson-Jones, A R Jennings,  
P Kadewere and I P Taylor.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors E R Butler, J Clarke, J A Gray, S A Howell and T D Sanderson.

### **56. MEMBERS' INTERESTS**

No declarations were received.

### **57. CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE**

With the aid of a report prepared by the Director of Finance & Corporate Resources (a copy of which is appended in the Minute Book) the Committee received and noted a report (a copy of which is appended in the Minute Book) that presented the findings of the subgroup established to (Minute 55 refers) review of the Terms of Reference (ToR) for the Corporate Governance Committee (CGC) and also the committee membership (inc. the size of the committee and whether this was effective. The main points covered in the discussion maybe summarised as follows:

By way of background, the Director of Finance & Corporate Resources reported that the Local Government Association (LGA) peer review of Internal Audit undertaken in March 2023 had identified the Committee's Terms of Reference had not been regularly reviewed and therefore may not reflect current legislation and Chartered Institute of Public Finance and Accountancy (CIPFA) recommendations.

Members noted that the subgroup had considered the existing ToR for the CGC against the model ToR as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committees. The model ToR it was noted covered all the current legislation requirements and the CIPFA

recommendations. However, whilst linked to governance did not cover additional responsibilities which CGC holds for the Council in relation to Constitutional, Conduct and Regulatory Arrangements. Accordingly, the subgroup recommended that the model CIPFA ToR should be adopted, with an additional section added to incorporate those duties relating to Constitutional, Conduct and Regulatory Arrangements (a copy of the revised ToR is appended in the Minute Book). In addition, Members agreed that the Terms of Reference (ToR) for the Corporate Governance Committee should be regularly reviewed against CIPFA best practice standards and other examples of best practice from across the sector to ensure continuous improvement.

The Committee also recognised that its membership of CGC at twelve members plus two independent members is a larger committee than is considered to be ideal and accordingly the subgroup having (i) reviewed and compared existing terms of reference with those model terms provided by the Chartered Institute of Public Finance and Accountancy (CIPFA), (ii) identified areas not covered by the existing terms and decided to include them as a separate section; and (iii) additional section added for constitutional conduct and regulatory arrangements, including duties of the Committee within Huntingdonshire District Council (HDC).

Accordingly, the Committee having considered and commented on the report **RESOLVED** to

- (a) endorse a variation to the Terms of Reference of the Corporate Governance Committee;
- (b) endorse the proposal to amend the Committee's membership as detailed in paragraph 2.1; and
- (c) recommend that the Terms of Reference of the Committee be reviewed on an annual basis to ensure they remain current.

## **58. LGA GOVERNANCE PEER CHALLENGE FEEDBACK REPORT**

With the aid of a report prepared by the Director of Finance & Corporate Resources (a copy of which is appended in the Minute Book). The Committee receive the LGA Governance Peer Challenge report that provided an update on progress against the recommendations since 28th February 2024. The main points of the discussion are summarised as follows:

By way of background, the Director of Finance & Corporate Resources reported that the Committee was reminded that the Council had invited the Local Government Association (LGA) to undertake an Audit Peer Challenge in March 2023. The LGA peer review team made a number of recommendations during

the review and an Action Plan was developed to address these points.

Members also noted that there is an expectation that the LGA peer review team would return to assess progress on recommendations within six months. Accordingly, following appointment of the new Chief Executive and growing national interest in local government governance, audit and risk, the Council invited the peer review team to return to assess progress and provide independent advice on questions posed by the Corporate Governance Committee and consider any new recommendations that should be implemented.

Accordingly, the peer team returned on the 28th of February 2024, having reviewed a number of documents prior to their arrival and whilst on site, gathered more information from twelve meetings; during which they had met with twenty-seven people, which included a range of elected Members and Officers.

Members noted that the peer team made five further actions the first concentrating on progress of the initial seventeen actions from the March 2023 visit, and the remaining four were new, having regard to wider corporate governance aspects. Members agreed that the report also had provided helpful insight and wider observations and requested updates on the progress of those incomplete actions. Accordingly, the Committee noted that:

- ❖ Action 1 the assessment of the training needs of the committee and the completion of a skills matrix will be completed by mid-May. Members noted the very positive support provided by the Vice-Chair Councillor Harvey in facilitating in the completion of this task.
- ❖ Action 2 in regard to the terms of reference; and Action 5 the role of the corporate governance committee within HDC this has now been completed (**Item 57 refers**).
- ❖ Action 6 the skills matrix review of the Senior Leadership Team will have been completed the end of April.
- ❖ Action 9 on the risk register, and the creation of the audit plan for next year is ongoing and will be reported to the Committee on 29<sup>th</sup> May 2024.
- ❖ Action 10 Noted that the risk management maturity exercise is ongoing.
- ❖ Action 12 A calculation of auditor's chargeable time is being worked on and will be completed as part of the Annual Audit Plan. The skills and knowledge assessment

are still to be undertaken but a skills matrix for the Internal Audit team has been started to capture the qualifications, experience, skills and preferences for each auditor and will be completed by the end of May.

- ❖ Action 13 The internal assessment to reference available evidence to support conformance for each standard in preparation for a full External Quality Assessment will be dependent upon the outcomes of the report by Binder Djker Otte who have been commissioned to undertake a review that will provide a report on external quality assessment by the end of May.
- ❖ Action 14 Noted that the detailed QAIP (quality assurance & improvement plan) is dependent upon the outcomes of the report from BDO and whilst unable to complete this action by the end of May the progress can be shown to LGA.
- ❖ Action 15 Once BDO have completed their assessment a submission will be made in regard to the New Ideas process to enable investment in the appropriate skills and procurement of the necessary software.
- ❖ New Action 2 Regarding the provision of immediate additional senior officer capacity and experience to the internal audit and risk functions is to submit to SLT for funding approval. In addition, following a question raised by Councillor Jennings it was noted that once the funding has been agreed that it is anticipate that the post will be filled within a few weeks.

Councillor Wells then referenced the level of detail required in internal audit team's reports and the Committee whilst accepting that there has been a slight deficit in the current level of detail HDC are seeking additional capacity from Cambridge City Council's audit manager and the HDC Monitoring Officer to ensure there proper oversight and internal insight.

Following on from that point Councillor Kadewere asked for clarification in regard to the skills metrics for the Committee Members and it was noted that the skills required included a combination of life experiences and specific knowledge and once any gaps have been identified training will be organised to develop the necessary skills.

Finally, as a result of a question from Councillor Hodgson-Jones on the verification of the capacity of Monitoring Officer (MO) it noted that (i) Tom Lewis the current MO is accountable to the Chief Executive and that the recommendation is to verify that his capacity is sufficient for HDC; and (ii) the Chief Executive

has expressed her satisfaction with the performance of the current MO.

Accordingly, the Committee having considered and commented on the report **RESOLVED** to:

- a. to receive the LGA Governance Peer Challenge report, **Appendix 1**, and note the recommendations; and
- b. to note **Appendix 2**, which provides an update on progress against all the proposed recommendations.
- c. that **Council** receive the LGA Governance Peer Challenge report, **Appendix 1**, and note the recommendations; and
- d. that **Council** note **Appendix 2**, which provides an update on progress against all the proposed recommendations.

Chair

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## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 22 May 2024

PRESENT: Councillors M J Burke, J A Gray, P J Hodgson-Jones, A R Jennings, D J Shaw, I P Taylor and C H Tevlin.

### 1 ELECTION OF CHAIR

A proposal to elect Councillor P J Hodgson-Jones to be the Chair of the Committee was moved and seconded. On being put to the vote the proposal was declared to be LOST.

A proposal to elect Councillor M J Burke to the Chair of the Committee was then moved and seconded, whereupon it was

#### RESOLVED

that Councillor M J Burke be elected Chair of the Committee for the ensuing Municipal Year.

### 2 MEMBERS' INTERESTS

No declarations were received.

### 3 APPOINTMENT OF VICE-CHAIR

A proposal to elect Councillor P J Hodgson-Jones to be the Vice-Chair of the Committee was moved and seconded. On being put to the vote the proposal was declared to be LOST.

A proposal to elect Councillor C H Tevlin to the Vice-Chair of the Committee was then moved and seconded, whereupon with was

#### RESOLVED

that Councillor C H Tevlin be appointed Vice-Chair of the Committee for the ensuing Municipal Year.

Chair



**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Internal Audit Peer Review Challenge Actions - update
<b>Meeting/Date:</b>	Corporate Governance Committee – 29 <sup>th</sup> May 2024
<b>Executive Portfolio:</b>	Executive Councillor for Customer Services, Councillor Stephen Ferguson
<b>Report by:</b>	Karen Sutton, Director of Finance & Corporate Resources
<b>Ward(s) affected:</b>	All Wards

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### **Executive Summary:**

The LGA peer challenge review in March 2023 identified seventeen actions to improve internal governance within the Council. The follow up to this review noted a further five actions. This paper provides an update on action progress.

### **Recommendation:**

It is recommended that the Committee consider the report and comment on the progress achieved and state any action they wish to be taken.

## **1. PURPOSE OF THE REPORT**

- 1.1 To update members on the achievement of LGA peer challenge review actions.

## **2. WHY IS THIS REPORT NECESSARY?**

- 2.1 Corporate Governance Committee (CGC) is charged with the oversight of governance within the organisation and should therefore determine if the actions have been implemented.

## **3. BACKGROUND**

- 3.1 The peer challenge review recommended seventeen actions to improve the effectiveness of governance within the Council. The follow up review in February 2024 recommended a further five actions.

Of the original seventeen actions:

- Thirteen have been fully completed.
- Two are in progress.
- Two cannot start until the outcomes of the two actions in progress are known.

Further details on these are listed on Appendix 1 to this paper.

Progress is ongoing for the five new actions and this is also detailed on Appendix 1.

## **5. KEY IMPACTS**

- 5.1 If the Council does not maintain strong governance and control, or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities.

## **6. REASONS FOR THE RECOMMENDED DECISIONS**

- 6.1 The report is presented to Committee to give transparency on the progress being made in completing peer review actions.

## **7. LIST OF APPENDICES INCLUDED**

Appendix 1 – Peer review actions update.

## **CONTACT OFFICER**

Karen Sutton

Tel No: 01480 387072

Email: [Karen.Sutton@Huntingdonshire.gov.uk](mailto:Karen.Sutton@Huntingdonshire.gov.uk)

Ref	Suggestion	Comment by HDC	Proposed Action (Mgt)	Due Date	Audit Action Taken	Progress to February 2024	Comments from Peer Review March 2024
1.	Internal Audit Manager to facilitate or feed into a CIPFA Corporate Governance Committee self-assessment exercise and help to develop a training programme for members.	An effective CGC needs to have a balance of skills across the key elements of Risk Management, Finance and Audit and, where these skills are identified as missing or skewed, appropriate training is proposed to correct this.	IAM to facilitate a self-assessment exercise for committee members, feedback outcomes at a subsequent meeting with proposed actions for members to decide upon.	Feedback to CGC at Jan 2024 meeting.	<p>In progress.</p> <p>A self-assessment exercise was carried out in September. This used the CIPFA checklist rather than the extensive toolkit as an initial indicator and included a discussion on skills based around those attending the session.</p> <p>The assessment is to be shared with whole committee and include all members' comments the committee's effectiveness.</p> <p>To be effective, the assessment needs to be completed by all members.</p>	<p>Updates of the exercise were shared at the January 2024 committee meeting. Chair has asked for a further session to be set up to discuss actions, this is being organised by Democratic Services.</p>	<p><b>Recommendation 1:</b> Complete action by May 2024 peer review.</p> <p>All CGC members have been reminded to send their completed skills assessment to the S151 Officer as soon as possible. These will be consolidated and linked to training plans being arranged by Democratic Services.</p> <p><b>Action complete – skills matrix outcomes shared with Chair &amp; Vice Chair</b></p>

2.	<p>The Terms of Reference for the Corporate Governance Committee to be regularly/annually reviewed against CIPFA best practice standards and other example of best practice from across the sector to ensure continuous improvement.</p>	<p>To ensure the Council’s ToR reflect current legislation and chartered body recommendations, they should be reviewed on an annual basis.</p>	<p>The IAM to review ToR against CIPFA best practices and propose changes to the Deputy Monitoring Officer (DMO) to reflect any updates which are necessary.</p>	<p>Review of ToR to be presented to CGC in Q4 of each financial year, in preparation for the new financial year. March 24</p>	<p>Still to be done. This has been deferred to after the self-assessment by committee has been completed so any additional responsibilities or changes can be made.</p>	<p>Subcommittee of CGC to review CIPFA models ToRs &amp; report to May meeting</p>	<p><b>Recommendation 1:</b> Complete action by May 2024 review.  Action as agreed at March CGC  <b>Action complete – new ToR recommended to Council</b></p>
3.	<p>Further questions for consideration by the CGC:</p> <ul style="list-style-type: none"> <li>• Could the MO/Deputy MO be more involved with the Corporate Governance Committee, by presenting the Annual Governance Statement, Corporate Code of Governance?</li> <li>• There are no declarations of interest recorded for the last 12 months. Are there any that have gone unrecorded? Is advice of the MO being taken on interests by the committee?</li> <li>• Could task groups or working groups of the committee be set up to give additional capacity to review areas of risk/financial strain in more detail?</li> </ul>	<p>The AGS and Code of Corporate Governance were drafted by the S151 Officer in collaboration with the MO.  Declarations of interest are requested at the start of all meetings and recorded in minutes.  Would this be beneficial to CGC members?</p>	<p>No further action required.  DMO to ensure new members are briefed on what is a declaration of interest as part of induction process.  CGC to consider this</p>	<p>Ongoing control.  Ongoing control.  TBD</p>	<p>.  Internal Audit has checked declarations made at meetings against those on declarations register. No anomalies were found. CGC will consider working groups as and when the need arises.</p>		<p><b>See Recommendation 3 below.</b>  <b>Action complete.</b>  <b>Action complete.</b></p>

4.	The Corporate Governance Committee to consider receiving a briefing on CIPFA's Internal Audit Untapped Potential report highlighting areas for action.	This was the basis of the Peer Review and has already been made available to members. The Peer Review feedback, and this action plan accomplishes the action	Action complete	N/A	Completed	Done	<b>Action complete.</b>
5.	Consider a review the role of the Corporate Governance Committee within the Constitution, to ensure the role of committee is clear and transparent.	This should be part of the review linked to action 2.	Per action 2	Per action 2			<b>Recommendation 1:</b> Complete action by May 2024 review.  This is part of action 2 above.  <b>Action complete – additional section added to ToR to provide clarity</b>
	Governance review suggestions. <ul style="list-style-type: none"> <li>Internal Audit Manager, the Monitoring Officer and Director of Finance and Corporate Resources to consider regularly meeting to raise and resolve concerns.</li> <li>Carrying out a governance review (stock take) as part of establishing the new management team.</li> <li>Joint training for members and officers on good governance.</li> </ul>	The IAM and S151 already meet on a regular basis, with the DMO being invited as needed. We assume this relates to CLT recruitment, which is ongoing, and will be assessed once recruitment is complete. The self-assessment exercise for members in Action 1 should be extended to CLT as	No further action  Undertake self-assessment exercise for CLT once recruitment is complete, link in with member training for Action 1 where possible or organise additional training if the specific need has already been covered.	Ongoing control.  To be completed within three months of all CLT members being recruited and employment commencing		CLT recruitment not yet completed (final CLT member joins mid-March). Assume this will also link in with the future peer review.	<b>Recommendation 1:</b> Complete action by May 2024 review.  CIPFA skills matrix assessment to be used.  <b>Action complete</b>

		well, with similar follow up training.					
7.	Senior management and internal audit to work together to consider whether internal audit is best placed to undertake additional tasks outside of its core purpose such as Annual Governance Statement, Code of Corporate Governance review.	It is important the IAM has the opportunity to feed into the AGS and Code of Corporate Governance, but this has been drafted by the S151 Officer recently and will continue as such.	No further action	Completed	Completed		<b>Action complete.</b>
	Consideration be made to keeping the Internal Audit Manager informed of the outcomes of Management Team meetings or invited where relevant to observe discussions relating to key transformation projects to enhance strategic approach to auditing.	The IAM is already able to discuss ongoing projects/programmes with the relevant managers, and the risks arising.	Service management team meetings will be asked to update the IAM with any changes to service risks discussed.  The IAM will engage with the PMO regarding current projects/programmes.	With immediate effect		IAM has been given full access, and encouraged, to discuss all projects with the relevant PMO or Service Manager	<b>Action complete.</b>
9.	The Internal Audit Manager to discuss key strategic risks from the register with each service area and devise an assurance plan covering the management of key risks.	The IAM has full access to all risks on the Council's 4Risk system and should use these to develop the action plan going forward.	Future IA plans to be linked to the Council's risk registers.	With immediate effect	The Risk Register has been used to formulate the Internal Audit plan. It is still the intention to review the operational audits in the Plan once Services have	Service risks are due to be reviewed in the Service Plan review (due for submission 8 <sup>th</sup> March). This will then feed into the	<b>Recommendation 1:</b> Complete action by May 2024 review.  Complete by CGC  <b>Complete – 2024/25 Internal Audit plan has been created from Risk Register and will be</b>



					completed their risk register.	2024/25 audit plan activity.	<b>presented to May 2024 CGC for approval.</b>
10.	Conducting a risk maturity assessment would be a good way to provide advice and increase the chances that the risk register can be relied on for planning purposes as maturity increases.	Once the Council's Risk Management Strategy has been approved and distributed, this will be the next stage of developing its risk management robustness.	A risk maturity exercise to be undertaken.	Within six months of the revised Risk Strategy being approved.	Risk Management Strategy was approved on 14th November, the risk maturity assessment can now commence.	New Risk & Controls Officer recruited to fill the vacancy left by the previous officer's resignation. Risk register review work will commence with the Service Plan development.	<b>Recommendation 1:</b> Complete action by May 2024 review.  <b>Ongoing – Risk &amp; Controls Officer reviewing with service managers. Increased engagement by services with other areas, e.g., Health &amp; Safety has been noted.</b>
11.	Internal Audit considers areas in the assurance plan where a 'position statement' style approach could be used to provide advisory support for new or developing areas.	IA is already developing this methodology and using it in specific areas across the Council.	No further action required.	With immediate effect.	Completed		<b>Action complete</b>
12.	A calculation of auditor's chargeable time (i.e., available audit days minus annual leave, management commitments, training days and ad-hoc/investigatory work) to be undertaken.	The methodology for calculating the number of audit days available has been developed as part of the planning for 2023/24.	The calculation of available days to continue to be used as a measure of IA capacity.	With immediate effect.	The resource plan has been designed.	Resource plan designed but still be allocated to plan.	<b>Recommendation 1:</b> Complete action by May 2024 review.  <b>Action complete – prepared as part of 2024/25 audit plan</b>

	In addition, a skills and knowledge assessment of the audit team to be undertaken once an assurance plan for 2023/24 has been devised. If a shortfall is identified, this to be reported to senior management and CGC for resolution.	The skills and knowledge assessment can be undertaken once the current recruitment exercise for IA has been completed.	Undertake skills and knowledge assessment of IA team	Within three months of current recruitment exercise completing.	The skills and knowledge assessment is still to be undertaken but a skills matrix has been started to capture the qualifications, experience, skills and preferences for each auditor.		<b>Action complete – All IA members have completed CIPFA skills matrix to identify future training needs.</b>
3.	The internal assessment to reference available evidence to support conformance for each standard in preparation for a full External Quality Assessment.	The Council has a statutory duty to undertake an External Quality Assessment every five years. The internal assessment, and collection of evidence is the initial stage of this, to identify area of non-compliance.	IAM to undertake internal assessment of IA and to develop a plan for achieving areas of non-compliance.	To be completed by 31st March 2024		Update awaited from IAM.	<b>Recommendation 1:</b> Complete action by May 2024 review.  BDO has since been commissioned to undertake review with report ready by May 2024 review.  <b>BDO commenced work 7<sup>th</sup> May and are due to complete 17<sup>th</sup> May.</b>
14.	A detailed QAIP (quality assurance & improvement plan) to be developed shared and discussed with senior management and the CGC. QAIP to include;	This is a follow on from action 13 and is the detailed plan for achieving compliance.	IAM to develop internal assessments outcomes into a QAIP, including training needs and performance metrics.	To be completed by 30th June 2024.	Development of the QAIP has commenced.		<b>Recommendation 1:</b> Complete action by May 2024 review.  This will be dependent upon the outcomes of the BDO report.

	<ul style="list-style-type: none"> <li>• Areas of all perceived partial conformance with PSIAS and LGAN with actions to develop into conformance with a timeframe and responsible officer allocated for each.</li> <li>• Team training requirements; covering areas of emerging risk such as climate, artificial intelligence, cyber security, culture, data analytics.</li> </ul> <p>Performance metrics measured by the team with stretching targets to demonstrate a commitment to continuous improvement. These should be agreed with the CGC and Senior Management and reported at least annually.</p>					
15.	<p>Internal Audit to continue to look for opportunities to carry out data analytics and invests in skills in this area for the future. In the meantime, the team can suggest data maturity enhancements in each area audited if full population testing cannot be carried out.</p>	<p>These are key tools to complement the work of the IA team and their deployment is key to maintaining the effectiveness of the team. However, this is an action that should follow the development and implementation of the QAIP.</p>	<p>Following completion of the QAIP, the IAM to consider how these skills can be developed and implemented within the team.</p>	<p>To be completed by 31st December 2024.</p>		<p><b>Recommendation 1:</b> Complete action by May 2024 review.</p> <p>Following BDO assessment a submission to be made to New Ideas process to enable investment in the appropriate skills/software.</p>

16.	<p>Internal Audit to consider its approach to supporting the Assurance Board forward plan and Terms of Reference review in addition to supporting the CGC in areas such as;</p> <ul style="list-style-type: none"> <li>• Statutory Compliance Framework</li> <li>• Health and Safety assurance</li> <li>• Best Interest Reports Lessons Learnt</li> <li>• Governance Stocktake;</li> <li>• Covid Review</li> <li>• Counter Fraud and Whistleblowing Strategy, Actions, Resources, Review of risks,</li> <li>• Strategic/Complex Partnerships/Collaborations review.</li> </ul>	<p>The IAM sits on the Assurance Board and is able to request items to be covered at the board. A forward planner for items to be discussed is being formulated and the opinion of the IAM should be sought as part of this.</p>	<p>No further action required.</p>	<p>Completed.</p>			<b>Action complete</b>
17.	<p>The Director of Finance and Corporate Resources and Internal Audit Manager to work together to formally appoint the outsourced IT audit provider so that assurance can be provided to support the opinion.</p>	<p>A tender was run, and a contract offered to the successful bidder. However, the provider declined the offer due to internal pressures on their side.</p> <p>The provider that was runner up to the tender has been approached.</p>	<p>To appoint the provider that was runner up, or to re-run the tender process.</p>	<p>Update to be provided to CGC at 12th July 2023 meeting.</p>	<p>Complete - contract signed and audit plan for IT areas assessed/ suggested, subject to agreement. 3 reviews are proposed for 2023/24 although ICT have stated they may not be able to accommodate.</p>		<b>Action complete</b>

New Recommendations, March 2024							
1	Accelerate the delivery of actions from the audit peer challenge in March 2023 to ensure all 17 are complete or on course to be completed by May 2024 when the corporate peer challenge takes place. Priority needs to be given to conducting the internal and external assessments.						See actions noted against the original peer challenge outcomes above.
2	<p>Provide immediate additional senior officer capacity and experience to the internal audit and risk functions to direct and oversee audit and risk development and actions.</p> <p>Alongside this;</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> consider an options appraisal for future delivery of internal audit to ensure the council has the capacity, resilience and skills required.</li> <li><input type="checkbox"/> review the content of internal audit reports to ensure they focus on core business, and other senior officer reports take responsibility for the wider items, such as the peer review action plan, governance developments and significant issues and updates.</li> </ul>						<p>The s151 Officer has committed considerable amounts of their time to direct Internal Audit &amp; Risk Management. Significant progress has been made in resolving open actions and commissioning work.</p> <ul style="list-style-type: none"> <li>• The recruitment process has commenced for a new Internal Audit Manager who will lead on delivering the outputs of the BDO review.</li> <li>• Internal Audit reports for 2024/25 will be refocussed to provide greater clarity and guidance.</li> </ul>

							Reports to Committee no longer cover wider aspects of governance, these will be submitted as separate reports.
3	Evaluate the capacity and status of the monitoring officer against the needs of the council to ensure accountability and leadership of governance best practice and statutory compliance in accordance with LGIU and LLG recommendations on the Changing Role of the Monitoring Officer Changing Role of the MO Report. The post would also benefit from reporting to the head of paid service.						The Chief Executive is undertaking a review of Monitoring Officer capacity and their role in the organisation and is considering how to implement the necessary changes required.
	<p>Following approval of new terms of reference for the Corporate Governance Committee (CGC) and a review of its membership;</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Conduct a skills audit to support the development of a programme of training and development for members</li> <li><input type="checkbox"/> Ensure that a development plan is in place to increase the scores of the self-assessment</li> <li><input type="checkbox"/> Should the model terms of reference be approved, the additional items covered</li> </ul>						The new ToR will be submitted to full Council for approval on 22 <sup>nd</sup> May. This includes a recommendation to reduce the committee membership to seven members plus up to two Independent Members. Outcomes of the recent skills audit will be shared with Group Leaders to inform their choices for proposed committee membership. A further,

	by the CGC (standards, constitution and elections) need to be considered as to where these responsibilities should sit going forward.						more detailed, skills audit will be undertaken with the new committee to identify further training needs; training has already been organised for June to commence this process.
5	Review all governance, roles and responsibilities and working in a political environment training and development for officers as well as members. Then develop a four-year programme to include induction, role descriptions and ongoing support to increase knowledge and awareness.						Additional Officer and Member training has already commenced, and a programme of further training is being developed. The review of roles is being considered as part of the Monitoring Officer changes discussed in action 2.

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Unaudited Statement of Accounts 2023/24

**Meeting/Date:** Corporate Governance Committee 29 May 2024

**Executive Portfolio:** Executive Councillor for Finance & Resources (BM)

**Report by:** Director of Finance & Corporate Resources (KS)

**Ward(s) affected:** All

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### Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (Appendix 1) and an unaudited Statement of Accounts (Appendix 2) by 31 May.

In respect of the unaudited Statement of Accounts, members should note:

- o Achieved an underspend of £1,657k against a budget of £24,113k, after approved budget c/fwds of £306k and contributions to earmarked reserves of £4,719k.
- o Continued to maintain general fund reserves at £2,175k.
- o Delivered business rates growth within the enterprise zone of £1,341k.
- o In 2023/24 the pension scheme saw a further increase in the value of its pension asset to £24,914k at 31 March 2024. In line with statutory requirements, the Council has limited the pension asset recognised in its balance sheet to the asset ceiling, which has created a pension deficit. The adjustment has been recognised within other comprehensive income and expenditure of the comprehensive income and expenditure statement.

### Recommendation(s):

The Committee is:

### RECOMMENDED TO

- A. Consider and approve the Annual Governance Statement (Appendix 1)
- B. Consider and approve the unaudited Statement of Accounts for 2023/24 (Appendix 2).
- C. Consider and approve the Notice of Publication (Appendix 3)

## **1. PURPOSE OF THE REPORT**

- 1.1 To complete the processes for publishing the Council's unaudited Statement of Accounts for 2023/24.

## **2. WHY IS THIS REPORT NECESSARY**

- 2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the Statement of Accounts. To do this the committee needs to follow the stages in the order shown in the report.

## **3. STATEMENT OF ACCOUNTS**

- 3.1 During 2023/24 the Council has continued to deliver against its corporate objectives and budget.
- 3.2 The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2024 amounted to £2,175k and £34,450k respectively.
- 3.3 The year-end financial position is largely being driven by the current economic conditions, which has impacted our running costs, particularly utility and fuel costs.
- 3.4 Huntingdonshire District Council has benefitted from the higher interest rates set by the Bank of England during the year, resulting in significantly higher interest income on cash balances.

## **4. KEY IMPACTS**

- 4.1 Paragraph 3 above outlines the control observations and the associated management comments

## **5. LINK TO THE CORPORATE PLAN**

- 5.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. The production of the Statement of Accounts is also a statutory requirement.

## **6. CONSULTATION**

- 6.1 In line with the Account and Audit regulations the Statement of Accounts will be available for inspection from 3 June to 12 July 2024.

## **7. LEGAL IMPLICATIONS**

- 7.1 There are no direct legal implications arising from this report.

## **8. RESOURCE IMPLICATIONS**

- 8.1 There is a specific budget for the audit fees.

## **9. REASONS FOR THE RECOMMENDED DECISIONS**

- 9.1 The process that has been followed in preparing the Statement of Accounts has been thorough and in line with statutory regulations.

## **10. LIST OF APPENDICES INCLUDED**

Appendix 1 – Annual Governance Statement 2023-24  
Appendix 2 – Draft Statement of Accounts 2023-24  
Appendix 3 – HDC Notice of Publication

## **CONTACT OFFICER**

Name/Job Title: Karen Sutton, Director of Finance & Corporate Resources  
Tel No: 01480 387082  
Email: karen.sutton@huntingdonshire.gov.uk

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**Huntingdonshire District Council**  
**Annual Governance Statement 2023/24**

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**Scope of Responsibilities**

Huntingdonshire District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS). It is subject to review by the Corporate Governance Committee when they consider both the draft and final Statements of Account and is approved by the Corporate Governance Committee in advance of them agreeing the Statement of Accounts.

The Council's financial management arrangements are largely consistent with the governance requirements of the Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer:

- Is actively involved and able to bring influence on the Authority's financial strategy.
- Leads the whole Council in the delivery of good financial management.
- Directs a fit for purpose finance function.
- Is professionally qualified and suitably experienced.

The issues identified as a governance issue and the progress made by management throughout the future financial year 2024/25 to address these issues will be reported regularly to the Corporate Governance Committee with an assessment made in reducing the risk as part of their governance role within the Council.

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**What is Governance?**

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved.

The Council approved a new local Code of Corporate Governance in May 2023. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE<sup>1</sup>.

The Council aims to achieve good standards of governance by:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing its capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Appendix 1 demonstrates what the Council does to achieve these standards.

The overall aim of the local Code of Corporate Governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities.
- there is sound and inclusive decision making.
- there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

Underpinning the Code is the Council's commitment to equality of opportunity in its approach to policymaking, service delivery and employment.

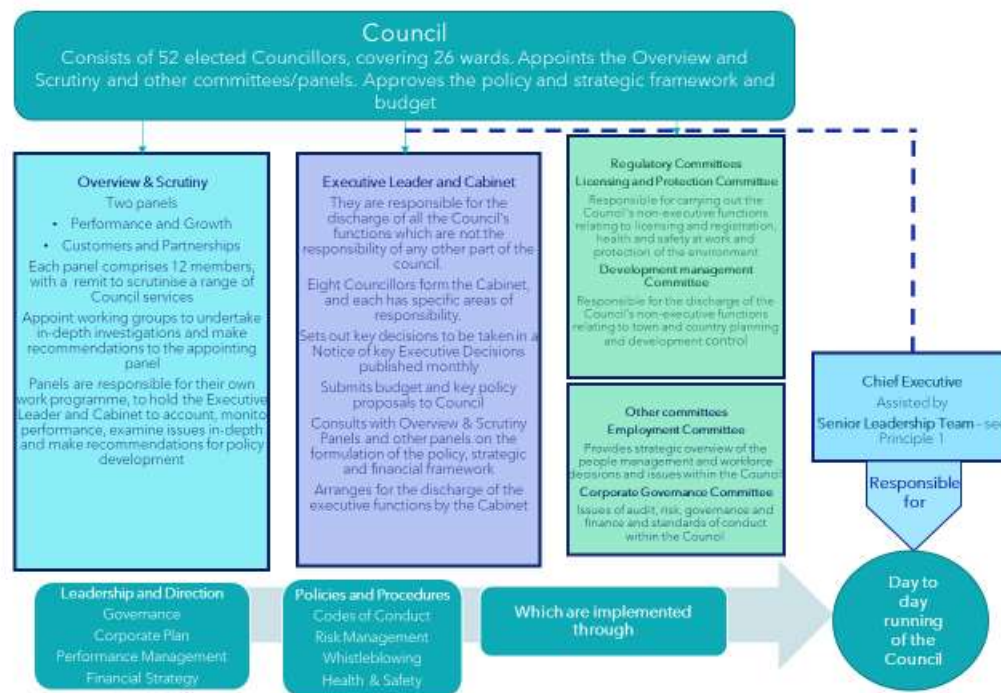
## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

## The Council's Governance Framework

The Council's framework for Governance is set out in the Constitution, is detailed in the Local Code of Governance and can be summarised in the below graphic:



The organisation welcomed a new Chief Executive in September 2023 and a new Corporate Director, Place in March 2024.

The Council's strategic vision and corporate priorities are set out in the Corporate Plan 2023 - 2028. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

These are set out in the table below, the Governance Framework, which links areas of assurance to documented activities of process and control. Many of the key governance mechanisms remain in place and are referred to in previous statements which are available on the Council's website. The local Code of Corporate Governance, which was updated in May 2023, is also available on the website and describes in more detail the governance processes in place.

Assurance required upon	Sources of Assurance	Assurances received
<ul style="list-style-type: none"> <li>• Delivery of Corporate Plan priorities</li> <li>• Services are delivered economically, efficiently &amp; effectively</li> <li>• Management of risk</li> <li>• Financial planning and performance</li> <li>• Effectiveness of internal controls</li> <li>• Community engagement &amp; public accountability</li> <li>• Shared service governance</li> <li>• Project management &amp; project delivery</li> <li>• Procurement processes</li> <li>• Roles &amp; responsibilities of Members &amp; Officers</li> <li>• Standards of conduct &amp; behaviour</li> <li>• Training and development of Members &amp; Officers</li> <li>• Compliance with laws &amp; regulations, internal policies &amp; procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules)</li> <li>• Council, Cabinet, Committees and Panels</li> <li>• Corporate and service plans</li> <li>• Shared service joint committee</li> <li>• Policy framework</li> <li>• Risk management framework</li> <li>• Project management methodology</li> <li>• Financial Performance Monitoring Suite</li> <li>• Medium Term Financial Strategy</li> <li>• Customer Service Strategy</li> <li>• Consultation and Engagement Strategy</li> <li>• Complaints' system</li> <li>• Head of Paid Service, Monitoring Officer and S151 Officer</li> <li>• HR policies &amp; procedures</li> <li>• Whistleblowing &amp; other countering fraud arrangements</li> <li>• Staff and Member training</li> <li>• Codes of conduct</li> <li>• Corporate/Senior Management Team</li> <li>• Independent external sources</li> <li>• Regular monitoring of outcome measures</li> <li>• Monitoring of economic indicators &amp; associated financial receipts</li> <li>• Effective joint working arrangements</li> <li>• Risk &amp; Control Group and Board</li> </ul>	<ul style="list-style-type: none"> <li>• Regular performance and financial reporting</li> <li>• Annual financial report</li> <li>• External audit reports</li> <li>• Internal audit reports</li> <li>• Officer management groups</li> <li>• On-going review of governance</li> <li>• External reviews and inspectorate reports</li> <li>• Customer feedback</li> <li>• Peer reviews</li> <li>• Council's democratic arrangements incl. scrutiny reviews and the 'audit' committee</li> <li>• Corporate Governance Committee annual report</li> <li>• Staff surveys</li> <li>• Community consultations</li> <li>• Consultants' reports</li> <li>• Services' reports</li> <li>• Risk &amp; Control Group activity</li> </ul>

The review of effectiveness is informed by the work of the Senior Leadership Team, who are responsible for the development and maintenance of the governance environment, the Internal Audit Manager's annual report and comments made by the external auditors.

The Council's Local Code of Governance includes examples of how the organisation meets all of the principles of good governance. The Council continuously reviews how it achieves good governance; in 2023/24 this included the recruitment of two Independent Members and a review of its Terms of Reference, both of which were proposed and approved by Full Council in April 2024.

The Council approved its CIPFA Code of Financial Management in December 2022. This demonstrates how the Council complies with the code to provide evidence of good financial management and also identified areas for further development. The Council was compliant with the CIPFA code of Financial Management in 2023/24.

The governance framework has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

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### **Review of Effectiveness**

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Service Managers within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and by comments in Huntingdonshire District Council's Statement of Accounts 2021/22 made by the external auditors and other review agencies and inspectorates. During 2023/24, the works undertaken by the Internal Audit team provided the foundation for the Annual Internal Audit Opinion that the Council's governance, internal control environment and systems of internal control provide reasonable assurance over key business processes and financial systems.

With regard to Risk Management, a revised Risk Management Strategy was approved by Council in December 2023 and is being deployed across the organisation. An LGA peer review of Internal Audit in March 2023, using the CIPFA - 'Internal audit: untapped potential' publication as a framework, has firmly embedded risk management as a foundation to Internal Audit's ongoing assurance work. Work has continued throughout 2023/24 on implementing the recommendations of this review, with a follow up review in February 2024 making a further five recommendations, all of which have been actioned.

A Corporate Peer Challenge review of the organisation, to give senior peers from other organisations the opportunity to assess, and feedback opinion on, how effectively the Council delivers its services was undertaken in May 2024.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed by Corporate Governance Committee.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

An external audit of the accounts for year ended 31 March 2022 undertaken by Ernst and Young concludes the financial statements give a true and fair view of the financial position of Huntingdonshire District Council as at 31 March 2022 and of its expenditure and income for the year then ended; and have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

The external audit of the financial statements for 2022/23 has not been undertaken and the Council, as a result of Central Government's reset of the Public Sector Audit environment, is not expecting this to be completed; a disclaimed opinion is anticipated. The external auditors have completed their interim "Value for money" review of the organisation for 2022/23 and have identified no significant weaknesses in the Council's Value for Money arrangements.

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### **Significant Governance Issues 2023/24**

There are no reported significant governance issues.

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### **Other Governance Issues we have identified in 2023/24**

The AGS identifies governance issues and risks for the Council to address.



**Progress on Governance Issues identified in 2022/23:**

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
22.1	<b>Risk Management</b>	<p>The Risk Management (RM) process has been reinvigorated, with a revised RM Strategy being finalised and launched. Corporate risks within the Risk Register to be reviewed and updated. This will be followed by Service level risks within Risk Register being reviewed and updated.</p> <p>A new Risk &amp; Controls Group has been established and a Risk &amp; Controls Officer appointed to support Risk Management effort.</p>	<p>The new Risk Management Strategy was approved by Council in December 2023 and work has commenced to fully embed a risk management culture across the organisation. Additional resource has been approved to enable additional training of managers and oversee the update of the risk management software to facilitate effective risk management awareness.</p>	Yes
22.2	<b>Cyber Security, new threats</b>	<p>Completion of all agreed previous cyber audit actions. The ICT service is progressing these actions, monitored by Senior Management.</p>	<p>Cyber Security is a continuing risk which the ICT service seeks to mitigate through effective controls and staff training and awareness.</p>	Yes
22.3	<b>Debtors and Creditors</b>	<p>Systems, processes and resources will be reviewed across the debtors' and creditors' functions establishing action plans to support delivery of improvements and address the control failings identified during quarterly reviews. Audit will review the processes once implemented and will monitor compliance.</p>	<p>Processes have been updated and reviewed and compliance demonstrated, no failings were identified by external audit.</p> <p>Controls in this area are now business as usual and this is not a strategic area of concern.</p>	No
22.4	<b>Audit Actions</b>	<p>To improve the implementation of agreed audit actions. SLT will monitor outstanding actions, receive monthly reports from Internal Audit, and ensure actions are progressed. Direct progress updates from action owners are now provided to Committee. Actions are to be part of Service Plans and to be monitored through 1.2.1 discussions to prevent actions becoming overdue.</p>	<p>All overdue actions are reported regularly to Corporate Governance Committee. The number of actions outstanding has reduced as actions are closed or replaced with revised actions to achieve the control outcome.</p> <p>Progress in this area has been significant and is no longer a strategic area of concern.</p>	No
22.5	<b>Small works expenditure</b>	<p>Audit actions have been agreed to redress. These are agreed to be implemented by the end of 2022.</p>	<p>An analysis of expenditure in this area has identified its level as significantly lower than previously identified and an appropriate level of retender is currently being progressed.</p>	No

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
			The audit actions have been completed with the tendering of the Medium Term Civils contract.	
22.6	<b>Information Governance /GDPR</b>	<p>Recommendations across a number of areas to reduce the Council's information risk, increase accountability in GDPR terms, improve staff engagement with IG and awareness of IG and data protection matters and support improved ways of working which embed IG principles across the Authority.</p> <p>A self-assessment report commissioned on the Service highlighted the areas requiring attention. Recommendations made within the report have been agreed and form part of the Action Plan.</p> <p>Mandatory training at day 1 of new starter induction has been agreed; and refresher training for all staff has been launched.</p>	Actions implemented	No
22.7	<b>Contractor Management, additional risks</b>	<p>A number of new measures have been introduced to improve control in this area:</p> <ul style="list-style-type: none"> <li>• Recruitment &amp; Procurement officers will oversee each consultant appointment</li> <li>• Procurement will provide oversight and guidance on all contract matters; sponsors to be accountable for their contracts</li> <li>• All contractor sponsors, Procurement and HR to ensure compliance with PCR2015, IR35 and good commercial practice.</li> <li>• Project managers will work with Procurement to ensure proper evaluation of need in line with PCR2015</li> <li>• PMO, Procurement and Works SLT will ensure that clear and evidenced decision making is done and recorded through the governance framework.</li> <li>• HR has commenced a new monitoring system for contractor/consultant/other temporary staff.</li> </ul>	Actions implemented	No
22.8	<b>Market Towns Programme</b>	<p>An independent consultant reviewed the programme performance to date, resulting in a programme improvement plan with recommended actions. These are being implemented and will be monitored as a standing item in the programme board.</p>	Action plan implemented and completed. MTP Board meets on a regular basis and effective programme management is demonstrated.	No
22.9	<b>Project Management/Capital schemes</b>	<p>Formal governance structure has been established, comprising the work programme board, the project management steering group and the gateway model (applied to each programme area). Capital schemes will follow the same</p>	This work, and actions, is now covered by the Major Change Board, with smaller projects feeding through the "New Ideas" process.	No

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
		processes from project inception and business case to lessons learned.		
22.10	<b>Network Access</b>	ICT is setting up a regular review process to confirm users are current and legitimate. This is also supported by a leaver's notification process to ICT.	This has been actioned.	No
22.11	<b>Policies</b>	A review and inventory of all policies and strategies has been undertaken. Further work is planned to ensure the policies are fit for purpose and accessible.	Work is ongoing in this area.	Yes
22.12	<b>Morbidity/Growing number of years of ill health/Continued impact of COVID</b>	Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has total responsibility for, and it requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.	Measures to reduce pressure on services are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations	Yes
22.13	<b>Wider economic environment</b>	The Council's financial robustness is closely linked with the success of the overall local economy, driven in large part to a prosperous commercial sector. External economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.	Measures to sustain financial robustness are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations	Yes
22.14	<b>Housing Affordability</b>	The challenge of residents to afford market housing, and market rents represents a significant challenge to our residents and communities. In the worst cases this can contribute to homelessness, and direct financial consequences on the Council, as we must fund any shortfall between market rent and Local Housing allowance rate. Greater demand for housing, linked at times to emergency housing for migrants could exacerbate this issue.	Whilst Priority 1 of the Corporate Plan seeks to improve the quality of life for local people, the affordability of housing and market rents is not something the Council is able to control.	Yes
22.15	<b>Environmental pressures and sustainability challenges</b>	There is growing recognition of the significant consequences of a failure to properly account for human actions, and wider	The Council is drafting a Climate Strategy to identify where it can mitigate its	Yes

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
		climactic events which are becoming increasingly common. The national risk register includes flooding and severe weather events as risks that as a country we should prepare for, and increasingly we have seen the impacts of these locally. We also recognise the health impacts of pollution and poor human behaviour in terms of pollution and improper handling of waste as key challenges to the beauty and sustainability of our area.	contribution to Environmental pressures.	
22.16	<b>Partner agency operational pressures</b>	<p>There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire, whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.</p> <p>The impact of Covid has further emphasised these challenges, as the demand and income pressures generated by Covid-19 have begun to impact. Collective work on recovery to properly understand the links between cause, and financial impact will be central and driven through shared recovery activity across all public sector partners.</p>	The Council continues to work with partners to understand their plans and to mitigate impacts to HDC wherever possible.	Yes
22.17	<b>Contractor management</b>	<p>An internal audit identified weaknesses in the following areas:</p> <ul style="list-style-type: none"> <li>• IR35 compliance</li> <li>• Contract management (incl. inconsistent and non-compliant with procurement rules)</li> <li>• Contractor management</li> <li>• Contractor selection</li> <li>• Governance</li> <li>• Time management</li> </ul>	<ul style="list-style-type: none"> <li>• HR &amp; Recruitment oversee all engagement of contractors, with Procurement support sought where applicable, ensuring legislative requirements are met and the appropriate documentation sought and testing of employment made.</li> <li>• A register of all contractors employed within the organisation is presented to SLT each month for review and comment upon ongoing use.</li> <li>• Use of contractors has decreased across the council.</li> </ul>	No
22.18	<b>ICT - Cyber security (4 red actions)</b>	<ol style="list-style-type: none"> <li>1. Staff not provided with adequate cyber-security risk training and awareness.</li> <li>2. Endpoints with outdated Anti-Virus definitions.</li> </ol>	Completion of all agreed cyber audit actions. The ICT service is progressing these actions,	No - now covered by Cyber Security

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
		<p>3. Unsupported operating systems in use on the Council's network.</p> <p>4. Excessive number of Domain Administrator privileged accounts.</p>	monitored by Senior Management.	concern, see Ref 2
22.19	Finance	<p>Critical over-dependency on one key officer</p> <p>Only one professionally qualified officer</p> <p>No deputy S.151</p>	<p>Senior Finance Business Partner recruited to Chief Finance Officer role and appointed as Deputy S151</p> <p>Director of Finance and Corporate Resources recruited (commenced June 2022) and appointed as S151.</p>	No
22.20	Role of Chief Finance Officer	CFO position – not sitting at CLT/ not part of key decision making	<p>Director of Finance and Corporate Resources (S151) recruited as member of SLT</p>	No
22.21	ICT - Cloud Services (2 red audit actions)	<p>1. No documented information held about each application's dependencies which could be used to assess the application's feasibility for projected migration plans.</p> <p>2. Once applications have been hosted, there is no further risk assessment made to review effectiveness of the hosted landscape. Additionally, there is no plan to further assess applications where it is currently not appropriate to migrate them</p>	<ul style="list-style-type: none"> <li>Criteria determined for assessing migration to cloud.</li> <li>Framework defined to ensure all potential scenarios factored into the criteria.</li> <li>Corporate Applications Roadmap drafted to ensure which applications the councils would migrate to the cloud as well as which ones must be migrated to the cloud.</li> <li>Management assess the possible dependencies of each system.</li> </ul>	Yes
22.22	Towns Programme	<p>Loss of resourcing – the two interim officers are planned to leave in the short term (July &amp; September). First recruitment campaign was unsuccessful; this is being tried again but there is a risk of being unfulfilled and a further risk of no time for a handover period. Capacity &amp; capability risks and issues need to be resolved to continue the programme.</p>	<p>Permanent resources have been recruited to deliver the programme.</p>	No
22.23	Accounts Receivable /Debtors Service	<p>This area continues to receive a limited assurance opinion.</p>	<p>An action plan was implemented, addressing all but two of the outstanding audit actions. Work continues to complete these actions, being regular reconciliation of the debtors ledger with TechOne and monthly management reporting.</p> <p>Processes and controls in this area</p>	No

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
			continue to be reviewed.	
22.24	<b>Project Management</b>	Number of key projects that pre-date new project management processes that are highlighted as failing. The Work Programme spreadsheet shows that some projects are flagging red or amber/red. There are reported issues with governance; non-compliance and cultural issues.	New team and processes implemented, including monthly Major Change board updating on all live projects including the project status, progress against plan and compliance with governance. SLT attends these board meetings and are fully briefed on open projects.	No
22.25	<b>Data Protection Officer (DPO)</b>	The post is recently vacant due to postholder leaving. The DPO is a statutory role. It also covers the other 3Cs authorities under contractual obligation. The Deputy post is also vacant with an Acting postholder, who cannot fulfil the DPO role. A recent recruitment exercise was unsuccessful for the DPO role. Another is planned but, if successful, is unlikely to result in an immediate starter leaving the notice period without a DPO.	A new DPO has been successfully recruited to post with cover being provided on a part time basis by the previous incumbent.	No
22.26	<b>Payment Card Industry</b>	Risk of non-compliance with some of the PCI requirements.	Services of PCI DSS expert consultants employed to improve the organisation's compliance with PCI DSS. A new programme of work has commenced looking at compliance on a channel by channel basis, adapting ways of working and systems used, balancing the cost of compliance with the risk arising from non-compliance.	Yes
22.27	<b>Impact of COVID Pandemic</b>	The Council should continue to consider the impact of the COVID-19 pandemic on its governance arrangements	The Council has moved into a state of "business as usual" with regards to COVID-19 arrangements; where allowable meetings can be held virtually although members cannot vote virtually. Staff continue to work in a hybrid manner and the Council continues to operate as normal.	No

**New Governance Issues identified in 2023/24**

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
23.1	<b>Internal Audit, external assessment overdue</b>	BDO has been commissioned to undertake a readiness review to	BDO appointed.	Yes

Ref	Area	Action Plan for improvement	Progress to March 2024	Carry forward Issue?
		identify areas when improvements are needed.  An external review will be commissioned in 2024/25		
23.2	<b>Procurement capacity to deliver change</b>	Additional resources being recruited to implement new Procurement regulations for 2024/25 and draft Social Value Procurement policy.  Further resource being recruited to embed effective Contract Management across the organisation.		Yes
23.3	<b>Officer and Member governance training needs.</b>	Areas of governance knowledge weakness being identified through skills self-assessments and training plans created to address these.	Skills assessments completed by SLT, CGC members and Executive Members involved in governance. Training sessions organised for coming months.	Yes

Whilst not a governance issue, it should be noted the Council implemented the Garden Waste Subscription service at the end of 2023/24 with a go live date of 1<sup>st</sup> April 2024. This major change was supported through the Programme Office and overseen by an implementation board. To date, the implementation has run well with few issues. A review of the transition of this activity from implementation to “business as usual” is proposed as part of the Internal Audit plan for 2024/25.

### Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council’s Code of Corporate Governance, we are satisfied that the arrangements are effective.

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an AGS to accompany the 2022/23 Statement of Accounts.

### Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council’s governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the AGS is a balanced reflection of the governance environment and that an adequate framework exists within Huntingdonshire District Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signature	Sarah Conboy Executive Leader	Signature	Michelle Sacks Chief Executive
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27<sup>th</sup> September 2023

Signed on behalf of  
Huntingdonshire District Council

**Appendix 1: Demonstrating the Principles**

<b>Principles</b>	<b>Council Arrangements</b>	<b>Supporting Examples</b>
<b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Code of Conduct for Members based upon the LGA Model Councillor Code of Conduct 2020.	See Part 5, Codes and Protocol, of the Constitution
	The seven Principles of Public Life apply to all public sector employees and members.	See Part 5, Codes and Protocol, of the Constitution
	Acceptance of code by Councillors	Signed declaration of Acceptance of Office
	Declaration of Interests, rules for declaration. Confirmation of no declarable interests at the start of each Committee meeting	Register of Interests Committee meeting notes
	Gifts & Hospitality, rules for declaration	Register of Gifts & Hospitality
	Code of Conduct Complaints Process	Annual Complaints report
	Employee Code of Conduct	Annual confirmation of the code
	Defined delegation of responsibilities to Officers	See Part 3 of the Constitution
	Appointment of Monitoring Officer to validate the Council is operating in a lawful manner	See Article 12 of the Constitution
	Whistleblowing policy to allow the reporting and investigation of breaches of Conduct or Council Policy	Whistleblowing Policy
	CIPFA Code of Financial Management	Annual review of compliance with code. Finance Regulations
	Procurement Governance Framework	Code of Procurement Contract Regulations
	The Council has adopted a series of policies that apply equally to the roles of the member and employee which includes a dignity at work policy and corporate equality policy	Constitution Regular review of policies
	Promoting an ethical culture	Council's icare values
	Creation of an Assurance Board to seek assurance the Council's governance arrangements are effective and give the comfort required.	Assurance board agendas and meeting notes.



Principles	Council Arrangements	Supporting Examples
<b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement	Details of Council's priority outcomes are included in the Corporate Plan	Agreed through Council and published on website
	Details of the Council's activities and achievements are included in the Annual Report	See Council meeting agendas on HDC website
	Details of the governance activities, changes and challenges are included in the Annual Governance Statement	See HDC website – Council & Democracy/Council Open data and Information/Our Policies & Procedures
	All meeting agendas, content and key decision requirements are published in advance.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	The calendar of upcoming meetings is publicly available.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	All committee meetings are streamed and can be viewed by the public (except for limited exceptions)	Streaming links available on the website
	Formal External Engagement and Communications Strategy	Reporting of Engagement and Communication activities and outcomes
	Formal Internal Engagement and Communications Strategy	Evidence of internal activities
	The Council promotes the formation of an Employee Representative Group for engagement regarding employee matter	Monthly meeting agendas and notes
	Data required by the Local Government Transparency code is published on the Council's website, and the Council has adopted a Publication Scheme setting out which information is published without requiring a Freedom of Information request.	See HDC website - Council & Democracy/Council Open Data and Information/Freedom of Information

Principles	Council Arrangements	Supporting Examples
<p><b>Principle C:</b> Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>Details of Council's priority outcomes are included in the Corporate Plan</p>	<p>Agreed through Council and published on website</p>
	<p>A Medium Term Financial Strategy (MTFS) is prepared on an annual basis to demonstrate to the affordability of plans and expected outcomes</p>	<p>Agreed through Council and published on website</p>
	<p>Service plans are prepared on an annual basis, demonstrating links to the Council's Corporate plan and delivery of key services, and performance indicators to measure their effectiveness.</p>	<p>Annual service plans</p>
	<p>A Treasury strategy is produced on an annual basis, demonstrating compliance with the Prudential code and effective use of the Council's resources</p>	<p>Treasury Strategy presented to Council and available on the website</p>
	<p>A Commercial Investment Strategy (CIS) is in place to reduce the Council's reliance on central government funding</p>	<p>CIS approved by Council and available on the website</p>
	<p>Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans</p>	<p>Reports presented at monthly Corporate SLT meetings</p>
	<p>Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.</p>	<p>Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.</p>
	<p>A Climate Strategy policy is being produced to define the Council's approach to minimising its environmental impact and operating in a more sustainable manner.</p>	
	<p>The Council has commenced a review of its Local Plan, considering the needs of the district over the longer term and the plans that need to be put in place to deliver the necessary infrastructure to support this.</p>	<p>Public consultation and preparation of plans</p>
	<p>The Council has an Economic Development team to attract new businesses and investment to the district. It also hosts the "Invest in Huntingdonshire", further promoting the benefits of the district.</p>	
	<p>Working alongside other local government organisations, major regeneration projects are being developed the district creating sustainable social, economic and environmental benefits.</p>	<p>External funding receipts</p>

Principles	Council Arrangements	Supporting Examples
<p><b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>The Corporate plan is prepared in conjunction with the MTFs to ensure delivery plans are affordable and achievable within the funding available.</p>	<p>Plans are published on the Council's website and as part of meeting agendas</p>
	<p>Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans and identify where corrective actions may be needed.</p>	<p>Reports presented at monthly Corporate SLT meetings</p>
	<p>Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.</p>	<p>Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.</p>
	<p>Programme boards are put in place for major activities, to monitor progress and ensure delivery plans will achieve the intended outcome.</p>	<p>Agendas and meeting notes from board meetings</p>
	<p>Significant projects are monitored through the Major Change board, with actions raised to mitigate risks of non-performance.</p>	<p>Agendas and meeting notes from board meetings</p>
	<p>The Overview and Scrutiny panels review progress on Council deliverables and are able to challenge decisions if they are not content with what is being achieved.</p>	<p>Agendas and meeting notes from committee meetings</p>
	<p>Internal Audit review of services and reporting developed through a risk based strategy, with remedial action plans recommended.</p>	<p>Internal Audit plan</p>

Principles	Council Arrangements	Supporting Examples
<p><b>Principle E:</b> Developing the Council's capacity, including the capability of its leadership and the individuals within it</p>	<p>Review of the Council's assets and resources on a regular basis to ensure these remain fit for purpose and are being utilised effectively.</p>	<p>Asset inspections, proactive maintenance records</p>
	<p>Clear rules for delegation of authorities enabling decisions to be taken at the appropriate level and by individuals with the necessary knowledge.</p>	<p>The Constitution</p>
	<p>Definition of roles and responsibilities for Councillors and Offices</p>	<p>The Constitution</p>
	<p>Self assessment of skills for Committee members, with training plans for covering any deficits.</p>	<p>Skills self assessment records</p>
	<p>Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.</p>	<p>Reports generated and presented to Corporate SLT/committee.</p>
	<p>Developing shared services with neighbouring District Councils, allowing sharing of best practices and driving financial efficiencies.</p>	<p>Shared services for ICT, Legal and Building Control.</p>
	<p>Developing the capability of staff and improving their skills through training and online coaching tools.</p>	<p>Learning and Development team</p>
	<p>Encourage transformation work to improve service delivery or the effectiveness of the Council through the "New Ideas" process and the availability of funding.</p>	<p>New Ideas process and achievements</p>
	<p>Availability of Project Management skills and decision making to lead on work to improve the Council's capacity</p>	<p>Output of the Major Change Board</p>

Principles	Council Arrangements	Supporting Examples
<b>Principle F:</b> Managing risks and performance through robust internal control and strong public financial management	Development of a Risk Management strategy, including indications of acceptable risk appetites.	Risk Management strategy
	The Council is a member of the Cambridge & Peterborough Resilience Forum, sharing knowledge and resources on Emergency Planning.	Regular reviews of Emergency Response plans and actions, testing of these and communication of updates.
	Business Continuity plans in case of disruption to services	Review and update of Business Continuity plans.
	Regular review and update of risk registers, including risk scoring and mitigating actions.	Risk registers maintained on 4Risk system
	Quarterly review and update of the Corporate risk register and mitigating actions	Risk register reviewed at Corporate SLT and reported on intranet
	Annual external audit of the Council's financials, including a review of value for money achieved.	Annual audit report to Council
	MTFS produced on an annual basis and presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Quarterly Financial reporting against the approved budget presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Reporting of Treasury Prudential measures to Council	See HDC website - Council & Democracy/Meetings/Council
	Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.	Reports generated and presented to Corporate SLT/committee.
	CIPFA Code of Financial Management implemented and maintained	Annual update of code
	Code of Procurement published	Constitution
	Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended	Internal Audit plan

Principles	Council Arrangements	Supporting Examples
<p><b>Principle G:</b> Implementing good practices in transparency, reporting and audit to delivery effective accountability</p>	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p>	<p>Report templates and guidance</p>
	<p>Data required by the Local Government Transparency code is published on the Council's website, and the Council has adoption a Publication Scheme setting out which information is published without requiring a Freedom of Information request.</p>	<p>See HDC website - Council &amp; Democracy/Council Open Data and Information/Freedom of Information</p>
	<p>Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended</p>	<p>Internal Audit plan</p>
	<p>All meeting agendas, content and key decision requirements are published in advance.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>The calendar of upcoming meetings is publicly available.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>All committee meetings are streamed and can be viewed by the public (except for limited exceptions)</p>	<p>Streaming links available on the website</p>
	<p>Formal External Engagement and Communications Strategy</p>	<p>Reporting of Engagement and Communication activities and outcomes</p>
	<p>All meeting agendas, content and key decision requirements are published in advance.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>
	<p>The calendar of upcoming meetings is publicly available.</p>	<p>See HDC website - Council &amp; Democracy/Meetings</p>



Huntingdonshire District Council

Annual Financial Report  
For the Year Ended 31 March 2024

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Welcome to Huntingdonshire District Council's Statement of Accounts for 2023/24.

This narrative report provides information about Huntingdonshire District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2024.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to be robust.

The report highlights the excellent management of the Council's resources and sets this in the context of the financial challenges being faced by the Council. The finance service operates in an environment of continuous change which involves organisational redesign, partnership working and advances in technology. This document provides:

- an introduction to the Council;
- key facts about Huntingdonshire and the Council;
- key information about the Council's management structure;
- 2023/24 revenue budget process and the medium-term financial strategy (MTFS);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2023/24;
- capital outturn 2023/24;
- Covid-19, cost of living and Ukrainian conflict grants;
- corporate and budgetary risks;
- basis of preparation;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

The statement of accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Huntingdonshire, Council members, partners, stakeholders and other interested parties are able to have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2023/24;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

### **An introduction to Huntingdonshire District Council**

Huntingdonshire is the largest district in Cambridgeshire, with a population of 180,833, and a land area of over 900 square kilometres (350 square miles). The district provides a high-quality environment, predominantly rural in nature, and this is reflected in the sparse population density which averages just 1.99 people per hectare (4.92 per acre). It is currently divided into 26 wards which are served by 52 elected councillors.

Huntingdonshire District Council is responsible for providing specific public services and facilities throughout the district, including;

- environmental health;
- licensing;
- planning and building control;
- housing;
- leisure and health;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste; and
- community safety.

There are also a number of internal services provided by the Council to ensure the efficient delivery of these public services such as;

- finance;
- information technology;
- legal;
- human resources; and
- payroll.

Our corporate plan sets out what Huntingdonshire District Council is working to achieve.

**“We all want to live in a place with the highest possible quality of life. A place people are drawn to, where they feel included and aspire to something. A place people are proud to call home.”**

The Council aims to achieve this through the priorities set out in its corporate plan. These are:

- priority 1 – improving the quality of life for local people
- priority 2 – creating a better Huntingdonshire for future generations
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

How the Council will do this:

- priority 1 – improving the happiness and well-being of residents
  - keeping people out of crisis
  - helping people in crisis
- priority 2 – improving housing
  - forward thinking economic growth
  - lowering carbon emissions
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

### **Key facts about Huntingdonshire and the Council**

There are a number of key facts that should be taken into account when considering Huntingdonshire and the Council:

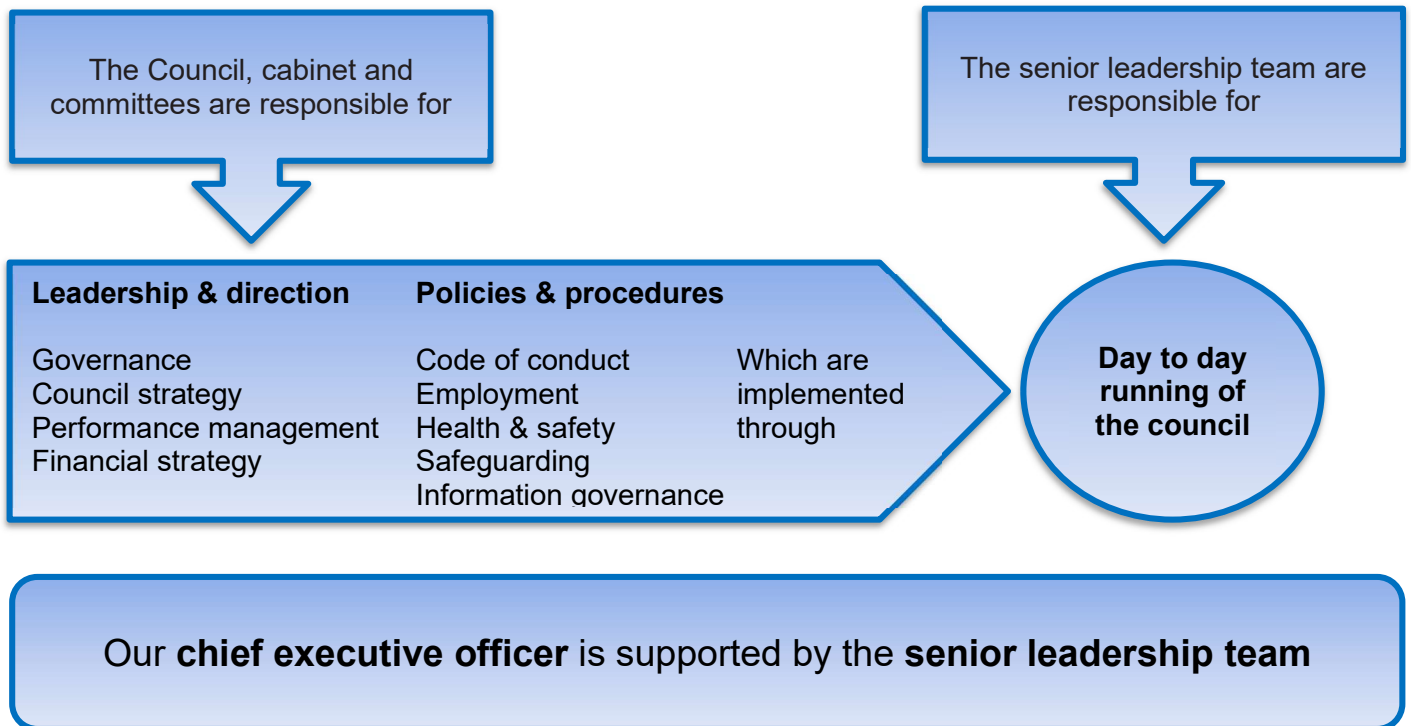
- **Population**  
In the 2021 census, the total population of Huntingdonshire was 180,833, an increase of 11,325 resident 6.7% since 2011 (source: 2021 census, ONS). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report). The district has an ageing population; 36,500 residents are aged 65 and above, an increase of 33% since 2011.

- **Economy and employment**  
Figures indicate that in April 2024 unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.3% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance principally due to unemployment compared to an average of 3.8% for Great Britain (source: NOMIS: claimant count)
- **Homes**  
Huntingdonshire continues to be a growth area with 1,250 new homes delivered in 2022/23 and 1,050 forecast for completion during 2023/24 (source: annual monitoring report 2023). The availability of housing that is affordable is a major issue in the district, with a growing gap between average earnings and housing costs. The average price of a property in Huntingdonshire as at September 2023 was £348,381 which is slight decrease on last year's figure of £358,088 (2.8%) (source: Cambridgeshire Insight).

The social housing sector in Huntingdonshire is made up of (as of March 2023) 11,488 affordable homes (10,384 rented properties and 1,104 shared ownership)(source: Cambridgeshire Insight). Between April 2023 and March 2024 an additional 703 new affordable homes were built across the district.

### Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Huntingdonshire. Councillors are advised by the senior management of the Council.



### The 2023/24 revenue budget process and medium-term financial strategy

The Council is required by law to set a balanced budget and it is based on known factors at the time. It does, however, need to be recognised that there are uncertainties, and provisions are made, as appropriate, in the budget for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot. Following recommendation by Cabinet, the Council approved the budget for 2023/24 on 22 February 2023. The outturn for the 2023/24 financial year against the budget is outlined in these financial statements.

When preparing its medium-term financial strategy (MTFS), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFS is a four-year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years.

The latest MTFS was approved by Council on 21 February 2024 and is summarised below:

	<b>Budget</b>	<b>Medium term financial strategy</b>			
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£000	£000	£000	£000	£000
Net expenditure	26,004	26,334	24,106	24,429	24,985
Contribution to/(from) reserves	1,086	1,713	(1,915)	(1,364)	(1,003)
<b>Budget requirement</b>	<b>27,090</b>	<b>28,047</b>	<b>22,191</b>	<b>23,065</b>	<b>23,982</b>
Non-domestic rates & s.31 grants	(13,780)	(14,596)	(10,437)	(10,914)	(11,417)
Revenue support grant	(188)	(178)	(162)	(98)	(28)
New homes bonus	(1,699)	-	-	-	-
Other grants	(883)	(2,187)	(50)	(50)	(50)
Collection fund deficit	93	-	-	-	-
<b>Council tax requirement</b>	<b>10,632</b>	<b>11,087</b>	<b>11,541</b>	<b>12,003</b>	<b>12,487</b>
Council tax base	66,095.9	66,845.2	67,544.9	68,251.4	69,043.4
Per band D property	160.86	165.86	170.86	175.86	180.86
% increase		3.11%	3.01%	2.93%	2.84%

In setting the MTFS and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus and general economic conditions. The budget proposal and MTFS set for 2023/24 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping of place, ensuring we continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

The main factors underlying the budget process were:

- **Government grants**  
Like all local authorities, Huntingdonshire District Council faces cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.
- **New homes bonus (NHB)**  
A major concern was associated with NHB. The NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. The Council received £1,273,000 of NHB in 2023/24 and has budgeted £1,273,000 for 2024/25. This funding will be phased out in 2025/26.

- **Retained business rates**  
The revaluation of all properties for business rates took effect from 1 April 2023. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2017. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the area. Following guidance in the December 2023 local government funding settlement, we have not forecast any re-baselining of business rates until 2025/26.
- **Reserves and balances**  
Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.
- **Investments and net borrowing**  
The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. From 2021/22 income from investment interest has been included in the MTFs. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.
- **Implications for council tax strategy 2024/25**  
For 2024/25, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 2.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.21% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Huntingdonshire District Council to £160.86.

### **Capital strategy and capital programme 2023/24**

The capital programme for 2023/24 onwards was presented to Council for consideration and approval on 22 February 2023. For 2023/24 the gross expenditure was approved at £13,494,000 and the funding sources were presented to Council. As a result of project delays arising predominantly from the Covid 19 pandemic, schemes totalling £18,343,000 were rephased from 2022/23 to 2023/24; this plus additional external funding of £1,314,000 provided a total gross capital programme of £33,151,000. Project delays continued in 2023/24, resulting in £18,883,000 being rephased to future years. Some projects, where additional borrowings would be required, have been descope and the approved expenditure for these removed from the future capital programme.

The Council maintains an integrated strategic capital programme which is divided into several sections namely:

- **Housing strategy** - this covers the Market Towns programme;
- **Transformation** - this covers three schemes relating to customer relationship management, audio-visual equipment and voice bots;
- **Operations** - this covers several schemes relating to the environment and street scene, including funding for vehicle replacement and Hinchingsbrooke Country Park works;
- **Strategic insight** – this covers works relating to Hinchingsbrooke Country Park and Council owned car parks;
- **ICT** - this covers several technology related schemes;
- **Leisure and health** - this covers improvement works at the leisure centres;
- **Corporate** - this covers several schemes including disabled facilities grants and capital estate enhancements.

The revenue financing implications arising from the capital programme were factored into the budget for 2024/25 and beyond.

## Treasury management

An annual treasury management strategy is agreed by Council, and this informs the governance framework.

The key messages are:

- Investments  
The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- Borrowing  
Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance  
Strategies are reviewed by the corporate governance committee with continuous monitoring which includes mid-year and year end reporting.

## Revenue outturn for 2023/24

The Council reported a break-even position for the financial year.

This is in line with assumptions in the budget plans for 2023/24 agreed by Council in February 2023.

The Council's 2023/24 revenue outturn position is shown in the table below:

2022/23		2023/24			
Outturn		Budget	Outturn	Variance	
£000		£000	£000	£000	%
<b>Service</b>					
5,227	Chief operating officer	5,313	3,683	(1,630)	-31%
141	Chief planning officer	989	610	(379)	-38%
869	Corporate leadership team	1,295	778	(517)	-40%
4,283	Corporate services	7,878	2,397	(5,481)	-70%
188	Economic development	207	209	2	1%
277	Housing strategy	200	280	80	40%
454	Leisure & health	304	608	304	100%
4,280	Operations	5,152	5,889	737	14%
41	Programme delivery	-	-	-	100%
(40)	Strategic insight & delivery	117	486	369	315%
2,374	3CICT shared service	2,658	2,633	(25)	-1%
<b>18,094</b>	<b>Net revenue expenditure</b>	<b>24,113</b>	<b>17,573</b>	<b>(6,540)</b>	
835	Contribution to reserves	186	2,007	1,821	977%
2,834	Contribution to earmarked reserves	-	4,719	4,719	100%
<b>21,763</b>	<b>Budget requirement</b>	<b>24,299</b>	<b>24,299</b>	<b>-</b>	
<b>Financing</b>					
(9,283)	NNDR & council tax (surplus)/deficit	(11,308)	(10,142)	1,166	-10%
(3,071)	Government grants (non-specific)	(2,737)	(2,648)	89	-3%
322	Contribution to/(from) reserves	-	(1,254)	(1,254)	100%
<b>9,731</b>	<b>Council tax for Huntingdonshire District Council</b>	<b>10,255</b>	<b>10,255</b>	<b>-</b>	

The view, as presented above, reflects the general fund revenue account. This presents the organisational structure and view used for the management reporting of the accounts during the financial year. The main detail of the Council's finances is reported throughout the year in the quarterly financial report.

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2024 amounted to £2,175,000 and £34,450,000 respectively.

### Capital outturn 2023/24

The approved gross capital programme for 2023/24 was £13,494,000. Schemes totalling £18,343,000 from 2022/23 were rephased to 2023/24 and additional external funding of £1,314,000 gave a total gross capital budget of £33,151,000.

The Council spent £13,407,000 on the delivery of its capital programme in 2023/24 and has rephased schemes to 2024/25 where appropriate.

Capital expenditure was financed by revenue contributions and capital receipts. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost.

The table below provides more detail of the spend in 2023/24:

	<b>Approved Budget</b>	<b>Budget rephased from 2022/23</b>	<b>External funding</b>	<b>Total gross capital budget</b>	<b>Outturn</b>	<b>Budget rephased to 2024/25</b>	<b>(Under)/over spend</b>
	£000	£000	£000	£000	£000	£000	£000
Chief operating officer	1,650	-	-	1,650	2,185	-	535
Chief planning officer	3,570	-	-	3,570	2,174	-	(1,396)
Corporate services	1,398	1,033	-	2,431	1,860	1,035	464
Housing strategy	4,097	12,495	1,039	17,631	4,605	12,761	(265)
Leisure & health	600	133	275	1,008	952	124	68
Operations	1,638	584	-	2,222	1,089	1,039	(94)
Strategic insight & delivery	43	3,695	-	3,738	228	3,453	(57)
3CICT shared service	498	403	-	901	314	471	(116)
	<b>13,494</b>	<b>18,343</b>	<b>1,314</b>	<b>33,151</b>	<b>13,407</b>	<b>18,883</b>	<b>(861)</b>

The reasons for the large budget re-phase to 2024/25 include:

- £12,582,000 – phasing of the Markets Towns and Future High Streets programmes to future years as whole life costs were included in the original budget
- £2,581,000 – works at Hinchingsbrooke Country Park were delayed due to Covid and changes linked to planning
- 1,422,000 – delay in feasibility study relating to the Ramsey Food Hall
- £1,019,000 – extending the life of the existing fleet to maximise value for money
- £500,000 – the enhancements to commercial properties have been delayed due to a delay in the receipt of property condition surveys
- £414,000 – St Neots Riverside programme of works has now commenced, with the majority of spend expected during 2024/25

### Covid-19, cost of living crisis and Ukrainian conflict grants

During 2020/21 and 2021/22, the Council received some Covid-19 related ringfenced grants. It also received grants during 2022/23 to support the cost of living crisis and for those fleeing from the conflict in Ukraine.

Following the receipt of a grant, the Council had to determine whether in administering the grant it was acting as an agent or principal.



Where the Council was acting as agent the following conditions applied:

- it was acting as an intermediary between the recipient and the government department.
- it did not have control of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.

As presented in the table below, in relation to Covid-19 related grants:

- £206,000 of the contain outbreak management fund still remains at the end of 2023/24 and will be used in 2024/25.

<b>Brought forward</b>					
<b>Council acting as agent</b>	<b>Council acting as principal</b>	<b>Grants received 2023/24</b>	<b>Spend 2023/24</b>	<b>Grant repaid to/(from) government</b>	<b>Grant remaining at 31 March 2024</b>
£000	£000	£000		£000	£000
Contain outbreak management fund	-	(229)	-	23	(206)
	-	<b>(229)</b>	-	<b>23</b>	<b>(206)</b>

Other new grants received by the Council as highlighted previously relating to the cost-of-living crisis and Ukrainian conflict are presented below and show two further instances of the Council acting as an agent of the government.

Having administered £130,000 mandatory council tax energy rebates to households during 2023/24 the Council has repaid the funds remaining to the government during the year. The balance on the Homes for Ukraine grants will be utilised in 2024/25.

<b>Brought forward</b>					
<b>Council acting as agent</b>	<b>Council acting as principal</b>	<b>Grants received 2023/24</b>	<b>Spend 2023/24</b>	<b>Grant repaid to/(from) government</b>	<b>Grant remaining at 31 March 2024</b>
£000	£000	£000	£000	£000	£000
Council tax energy rebate scheme	(879)	(1)	-	130	750
Homes for Ukraine - tariff	-	(402)	(2,346)	951	(1,797)
	<b>(879)</b>	<b>(403)</b>	<b>(2,346)</b>	<b>1,081</b>	<b>(1,797)</b>

### Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan and is a key pillar of its organisational governance.



Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

### **Basis of preparation**

This statement of accounts has been prepared on the basis of the income and expenditure during the 2023/24 financial year and the known assets and liabilities at 31 March 2024. Moreover, the accounts have been prepared on a going concern basis.

Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if, through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

### **Going concern assessment**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts have been prepared on the going concern basis. In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances are reported in the movement in reserves statement. Our expected general fund and earmarked reserve position is predicted to remain above the minimum level set by the Council's Director of Finance and Corporate Resources (s151 officer) throughout the going concern period.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing. The key assumptions within this forecast include, for example, that central Government funding remains in line with current projections. Should central government funding fall, the projected minimum levels of reserves and liquidity are not expected to be significantly affected.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

### **Receipt of further information**

If you would like to receive further information about these accounts, please do not hesitate to contact me at Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN.

### **Acknowledgements**

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

## 1. Statement of accounts explanations

The statement of accounts comprises:

- ❖ Statement of responsibilities
- ❖ Core financial statements
- ❖ Notes to the core financial statements
- ❖ Supplementary financial statements
- ❖ Notes to the supplementary financial statements

The objective of each of the accounting statements is:

### ❖ Statement of responsibilities

Identifies the officer who is responsible for the proper administration of the Council's financial affairs. The purpose is for the chief finance officer to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

### ❖ Core financial statements

*Comprehensive income and expenditure statement* - shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the movement in reserves statement and the expenditure and funding analysis.

*Movement in reserves statement* - shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

*Balance sheet* - shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

*Cash flow statement* - shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

*Expenditure and funding analysis* – shows how the annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement

❖ **Notes to the core financial statements**

Provides support to the core financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council’s activities.

❖ **Supplementary financial statements**

*Collection fund* – this account reflects the statutory requirement for billing authorities to maintain a separate collection fund, which shows the transactions of the Council in relation to non-domestic rates and council tax and illustrates the way in which these have been distributed.

❖ **Notes to the supplementary financial statements**

Provides support to the supplementary financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council’s activities.

**2. Brief note of significant items in the core financial statements**

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 sets out comprehensive requirements for group accounts. These require councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The Council has a wholly owned subsidiary, HDC Ventures Ltd. Group accounts have not been prepared on the basis of materiality.

**3. Brief note explaining significance of any pension liability or asset**

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Cambridgeshire County Council has been assessed by the scheme's actuary as at 31 March 2024. The current valuation shows a surplus on the fund of £24,914,000 (£4,803,000 surplus at 31 March 2023) based upon the nationally set criteria.

In line with the Code of Practice the Council requested an asset ceiling calculation from the actuary, which resulted in the creation of a pension liability of £4,291,000 to be held on the balance sheet under long term liabilities. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31 March 2022.

### The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Resources.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

### The Director of Finance and Corporate Resources

The Director of Finance and Corporate Resources is legally and professionally responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* - the Code.

In preparing this statement of accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director of Finance and Corporate Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

Karen Sutton  
Director of Finance and Corporate Resources (s.151 officer)  
29 May 2024

### Certificate of approval – Chair of Corporate Governance Committee

This is the unaudited statement of accounts. The Corporate Governance Committee of Huntingdonshire District Council at its meeting on 29 May 2024 delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Michael Burke  
29 May 2024

## Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

2022/23				2023/24		
Gross expenditure	Gross income	Net expenditure		Gross expenditure	Gross income	Net expenditure
£000	£000	£000		£000	£000	£000
35,388	(29,030)	6,358	Chief operating officer	36,615	(32,462)	4,153
7,246	(2,251)	4,995	Chief planning officer	4,670	(1,908)	2,762
944	-	944	Corporate leadership team	779	(19)	760
10,692	(1,939)	8,753	Corporate services	7,328	(3,345)	3,983
223	(13)	210	Economic development	212	(9)	203
1,175	(63)	1,112	Housing strategy	5,239	(396)	4,843
10,450	(5,472)	4,978	Leisure & health	7,315	(6,046)	1,269
8,847	(2,397)	6,450	Operations	9,695	(2,140)	7,555
45	-	45	Programme delivery	144	-	144
3,670	(3,149)	521	Strategic insight & delivery	4,285	(3,448)	837
8,481	(5,516)	2,965	3CICT shared service	8,533	(5,806)	2,727
<b>87,161</b>	<b>(49,830)</b>	<b>37,331</b>	<b>Cost of services</b>	<b>84,815</b>	<b>(55,579)</b>	<b>29,236</b>
			Other operating expenditure - note 11			8,990
			Financing and investment income - note 12			(3,030)
			Taxation and non-specific grant income - note 13			(38,748)
			<b>Surplus on provision of services</b>			<b>(3,552)</b>
			Surplus on the revaluation of non-current assets			(6,433)
			Deficit on financial assets measured at fair value through other comprehensive income			145
			Remeasurement of net defined benefit			10,380
			<b>Other comprehensive income and expenditure</b>			<b>4,092</b>
			<b>Total comprehensive income and expenditure</b>			<b>540</b>

## Movement in reserves statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
<b>Balance 1 April 2023</b>	<b>(2,175)</b>	<b>(28,940)</b>	<b>(4,527)</b>	<b>(56,639)</b>	<b>(92,281)</b>	<b>(83,781)</b>	<b>(176,062)</b>
<b>Movement in reserves during 2023/24</b>							
Surplus on provision of services	(3,552)	-	-	-	(3,552)	-	(3,552)
Other comprehensive income and expenditure	-	-	-	-	-	4,092	4,092
<b>Total comprehensive income and expenditure</b>	<b>(3,552)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,552)</b>	<b>4,092</b>	<b>540</b>
Adjustments between accounting basis and financing basis under regulations (note 9)	(1,958)	-	(20)	(128)	(2,106)	2,106	-
<b>Net (increase)/decrease before transfers to earmarked reserves</b>	<b>(5,510)</b>	<b>-</b>	<b>(20)</b>	<b>(128)</b>	<b>(5,658)</b>	<b>6,198</b>	<b>540</b>
Transfers to/(from) earmarked reserves	5,510	(5,510)	-	-	-	-	-
<b>(Increase)/decrease in year</b>	<b>-</b>	<b>(5,510)</b>	<b>(20)</b>	<b>(128)</b>	<b>(5,658)</b>	<b>6,198</b>	<b>540</b>
<b>Balance at 31 March 2024</b>	<b>(2,175)</b>	<b>(34,450)</b>	<b>(4,547)</b>	<b>(56,767)</b>	<b>(97,939)</b>	<b>(77,583)</b>	<b>(175,522)</b>

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
<b>Balance 1 April 2022</b>	<b>(2,175)</b>	<b>(27,788)</b>	-	<b>(48,222)</b>	<b>(78,185)</b>	<b>(11,850)</b>	<b>(90,035)</b>
<b>Movement in reserves during 2022/23</b>							
Surplus on provision of services	(1,226)	-	-	-	(1,226)	-	(1,226)
Other comprehensive income and expenditure	-	-	-	-	-	(84,801)	(84,801)
<b>Total comprehensive income and expenditure</b>	<b>(1,226)</b>	-	-	-	<b>(1,226)</b>	<b>(84,801)</b>	<b>(86,027)</b>
Adjustments between accounting basis and financing basis under regulations (note 9)	74	-	(4,527)	(8,417)	(12,870)	12,870	-
<b>Net increase before transfers to earmarked reserves</b>	<b>(1,152)</b>	-	<b>(4,527)</b>	<b>(8,417)</b>	<b>(14,096)</b>	<b>(71,931)</b>	<b>(86,027)</b>
Transfers to/(from) earmarked reserves	1,152	(1,152)	-	-	-	-	-
<b>Increase in year</b>	-	<b>(1,152)</b>	<b>(4,527)</b>	<b>(8,417)</b>	<b>(14,096)</b>	<b>(71,931)</b>	<b>(86,027)</b>
<b>Balance at 31 March 2023</b>	<b>(2,175)</b>	<b>(28,940)</b>	<b>(4,527)</b>	<b>(56,639)</b>	<b>(92,281)</b>	<b>(83,781)</b>	<b>(176,062)</b>

## Balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g., the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2023</b>		note	<b>31 March 2024</b>
£000			£000
79,254	Property, plant and equipment	14	84,663
65	Heritage assets		65
70,932	Investment property	15	70,651
755	Intangible assets	16	641
3,727	Long term investments	17	3,582
5,139	Long term debtors	17	2,482
4,803	Net pensions asset	37	-
<b>164,675</b>	<b>Long term assets</b>		<b>162,084</b>
40,000	Short term investments	17	45,600
402	Inventories	18	213
29,893	Short term debtors	19	18,200
11,924	Cash and cash equivalents	20	17,304
<b>82,219</b>	<b>Current assets</b>		<b>81,317</b>
(2,884)	Bank overdraft	20	(2,988)
(349)	Short term borrowing	17	(268)
(28,581)	Short term creditors	22	(19,734)
(2,842)	Grants received in advance - capital	22, 31	(2,842)
(1,331)	Provisions	39	(2,924)
<b>(35,987)</b>	<b>Current liabilities</b>		<b>(28,756)</b>
(34,272)	Long term borrowing	17	(34,263)
(573)	Other long term liabilities	17	(569)
-	Net pensions liability	37	(4,291)
<b>(34,845)</b>	<b>Long term liabilities</b>		<b>(39,123)</b>
<b>176,062</b>	<b>Net assets</b>		<b>175,522</b>
(92,281)	Usable reserves	23	(97,939)
(83,781)	Unusable reserves	24	(77,583)
<b>(176,062)</b>	<b>Total reserves</b>		<b>(175,522)</b>



## Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

<b>2022/23</b>		<b>2023/24</b>
£000		note      £000
1,226	Net surplus on the provision of services	3,552
(1,806)	Adjustment to deficit on the provision of services for non cash movements	25      8,851
(14,010)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25      (8,887)
<u>(14,590)</u>	Net cash flows from operating activities	<u>3,516</u>
(2,858)	Net cash flows from investing activities	26      1,259
(223)	Net cash flows from financing activities	27      501
<u>(17,671)</u>	Net (decrease)/increase in cash and cash equivalents	<u>5,276</u>
26,711	Cash and cash equivalents at the beginning of the reporting period	9,040
<u><b>9,040</b></u>	Cash and cash equivalents at the end of the reporting period	<u><b>14,316</b></u>

## 1. Accounting Policies

### 1.1 General principles

The statement of accounts summarises the Council's transactions for the 2023/24 financial year and its position at 31 March 2024. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

### 1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;
- interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

### 1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## 1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision in the statement of movement on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

## 1.5 Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

The balance sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## 1.6 Employee benefits

### 1.6.1 Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services but is then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### 1.6.2 Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis to the relevant service costs line in the comprehensive income and expenditure statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### 1.6.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- the liabilities of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- liabilities are discounted to their value at current prices, using an appropriate discount rate based on the indicative rate of return on high quality corporate bonds as identified by the actuary.
- the assets of Cambridgeshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the employees worked).
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years (debited to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
    - net interest on the defined benefit liability, i.e., net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

- re-measurement comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit asset (charged to the pensions reserve as other comprehensive income and expenditure).
  - actuarial gains and losses – changes in the net pensions asset that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
  - any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit asset.
- contributions paid to Cambridgeshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### 1.6.4 Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the local government pension scheme.

#### 1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

#### 1.8 Financial instruments

##### 1.8.1 Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

This means that for the borrowings the Council has, the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount payable for the year.

## 1.8.2 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised costs, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument)

### 1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the comprehensive income and expenditure statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

The Council's business model to collect cash flow comprises:

- loans to other local authorities
- loans to small companies
- short term cash investments
- trade receivables

### 1.8.2.2 Financial assets measured fair value through profit or loss (FVPL)

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The fair value gains and losses are recognised as they arrive in (surplus)/deficit on the provision of services.

### 1.8.2.3 Financial assets measured fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument. The Council has shown the following assets within this category:

- CCLA property fund

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- level 1 inputs – quoted prices in active markets for identical assets that the Council can access at the measurement date.
- level 2 inputs - inputs (other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly
- level 3 inputs – unobservable inputs for the asset.

#### **1.8.2.4 Expected credit loss model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays an important part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

### **1.9 Government grants and other contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the comprehensive income and expenditure statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income in the comprehensive income and expenditure statement.

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

### **1.10 Inventories and long-term contracts**

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of the comprehensive income and expenditure statement being charged in the year during which the cost of goods or services were received or provided.

### **1.11 Investment property**

Investment properties are those (land or a building, or part of a building, or both) that are held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.



Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals and costs relating to investment properties are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement and result in a gain or loss for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and any sale proceeds credited to the capital receipts reserve.

## 1.12 Leases

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to the ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### 1.12.1 The Council as lessee

- Operating leases

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as expenses of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

### 1.12.2 The Council as lessor

- Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant or equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).



The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account.

- Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as expenses over the lease term on the same basis as rental income.

### 1.13 Overheads and support services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

### 1.14 Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 1.15 Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### 1.15.1 Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

### 1.15.2 Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- assets surplus to requirements - fair value, determined as the amount that would be paid for the asset in its existing use - existing use value (EUV)
- specialised land & buildings –depreciated replacement cost (DRC) which is used as an estimate of current value
- other land and buildings - EUV
- vehicles, plant and equipment – DRC
- infrastructure assets – DRC
- community assets – historic cost
- assets under construction – historic cost
- heritage assets – historic cost

Assets included in the balance sheet at current value are revalued on a rolling basis within a three-year timeframe. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

### 1.15.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the comprehensive income and expenditure statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### 1.15.4 Disposals and non-current assets held for resale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for resale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non-current assets held for resale.

If assets no longer meet the criteria to be classified as non-current assets held for resale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified for resale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for resale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account. Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow – the capital financing requirement. Receipts are appropriated to the reserve from the movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the movement in reserves statement.

### **1.15.5 Depreciation**

Depreciation is provided in respect of all the relevant property, plant and equipment, other than investment properties, where a finite useful life has been determined. This is with the intention of writing off their balance sheet values in equal annual instalments over their remaining expected useful lives. This is commonly referred to as the 'straight line' method. An exception is made for assets without a determinable finite life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

### **1.15.6 Componentisation**

The objective of component accounting is to follow proper accounting practice by ensuring that property, plant and equipment is accurately and fairly included in the Council's balance sheet, and that the comprehensive income and expenditure statement properly reflects the consumption of economic benefits of those assets over their useful lives through depreciation charges.

In order to do this, the Council must first determine which of its assets have a material value. For Huntingdonshire District Council materiality in this instance has been set as any asset with a carrying value equal to or greater than 10% of the total carrying value for any asset group.

Where an asset is deemed material then the Council must ensure that the overall value of an asset is fairly apportioned over significant components that need to be accounted for separately and that their useful lives and the method of depreciation are determined on a reasonable and consistent basis. For Huntingdonshire District Council significance has been set at equal to or greater than 10% of the asset's cost but with a de-minimis threshold of £100,000.

## **1.16 Provisions, contingent liabilities and contingent assets**

### **1.16.1 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the comprehensive income and expenditure statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

### 1.16.2 Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

### 1.16.3 Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## 1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

## 1.18 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

## 1.19 VAT

VAT is only included within the revenue and capital income and expenditure accounts to the extent that it is irrecoverable.

## 2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2023/24 code.

The code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified; this would therefore result in an impact on disclosures spanning two financial years.

The accounting changes to be introduced in the 2024/25 code are:

- IFRS16 leases
- definition of accounting estimates (amendments to IAS 8) issued in February 2021
- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021

These changes are not expected to have a material impact on the Council's statements.

### 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgements made in the statement of accounts are:

- In line with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, surplus assets and assets under construction. For all these assets, the total value for 2023/24 for land is £53,497,000 and buildings is £42,803,000 (2022/23 land is £47,653,000 and buildings is £44,689,000).
- The actuarial valuation of the Council's pension scheme shown on the balance sheet has moved from a surplus position during the year and created a pension liability of £4,291,000 held under long term liabilities. This is a result of the changes in the financial assumptions used by the actuary, Hymans Robertson LLP. These assumptions are determined by the actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the actuary and the assumptions used to calculate this actuarial valuation.
- The participants in the Council's non-domestic rates collection fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014. To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2024. An estimated provision of £3,982,000 has been included in the collection fund in respect of successful appeals costs. The Council's share of any such collection fund costs is 40% or £1,593,000 of the total provision and this is included in the general fund balance.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

### 4. Assumptions made about the future and other major sources of estimation uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2024.

- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Huntingdonshire District Council, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire Fire Authority and Cambridgeshire & Peterborough Combined Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.
- Debt impairment - At 31 March 2024, the Council had a balance for sundry debtors of £8,273,000. A review of significant balances suggested that impairment for doubtful debts of 28% (£2,310,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2023/24, the Council would require additional funds to set aside as an allowance.
- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year-end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.
- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. During 2023/24 the Council's actuaries advised that the net pension asset had increased by £20,111,000 to a surplus position of £24,914,000. In line with the code of practice the Council requested an asset ceiling calculation from the actuary. This resulted in the creation of a pension liability of £4,291,000 to be held on the balance sheet under long term liabilities. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.
- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £29,300 for every year that useful lives had to be reduced.
- Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the balance sheet date.
- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as departments must meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget, then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.



**5. Material items of income and expenditure**

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2023/24 no such items of income or expenditure were incurred (2022/23 £nil).

**6. Events after the balance sheet date**

The unaudited Statement of Accounts were issued on 29 May 2024. Where events taking place before this date provided information about the conditions existing at 31 March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2024 if they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

## 7 Expenditure and funding analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

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	2023/24					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis	Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	
Chief operating officer	4,153	(544)	141	-	(403)	3,750
Chief planning officer	2,762	(2,210)	58	-	(2,152)	610
Corporate leadership team	760	-	17	-	17	777
Corporate services	3,983	207	410	-	617	4,600
Economic development	203	-	6	4	10	213
Housing strategy	4,843	(4,578)	10	-	(4,568)	275
Leisure & health	1,269	(747)	86	-	(661)	608
Operations	7,555	(1,620)	129	-	(1,491)	6,064
Programme delivery	144	-	-	-	-	144
Strategic insight & delivery	837	(456)	59	-	(397)	440
3CICT shared service	2,727	(222)	112	-	(110)	2,617
<b>Net cost of services</b>	<b>29,236</b>	<b>(10,170)</b>	<b>1,028</b>	<b>4</b>	<b>(9,138)</b>	<b>20,098</b>
Other income and expenditure	(32,788)	1,668	258	5,254	7,180	(25,608)
<b>(Surplus)/deficit for the year</b>	<b>(3,552)</b>	<b>(8,502)</b>	<b>1,286</b>	<b>5,258</b>	<b>(1,958)</b>	<b>(5,510)</b>
Opening general fund balance at 1 April 2023						(31,115)
<b>Closing general fund balance at 31 March 2024</b>						<b>(36,625)</b>



	2022/23					Net expenditure chargeable to the general fund £000
	Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis				
		Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
Chief operating officer	6,358	(644)	(514)	-	(1,158)	5,200
Chief planning officer	4,995	(4,646)	(208)	-	(4,854)	141
Corporate leadership team	944	-	(75)	-	(75)	869
Corporate services	8,753	(529)	(1,813)	-	(2,342)	6,411
Economic development	210	-	(20)	3	(17)	193
Housing strategy	1,112	(815)	(22)	-	(837)	275
Leisure & health	4,978	(1,502)	(348)	-	(1,850)	3,128
Operations	6,450	(1,517)	(477)	-	(1,994)	4,456
Programme delivery	45	-	(4)	-	(4)	41
Strategic insight & delivery	521	(437)	(162)	-	(599)	(78)
SCICT shared service	2,965	(184)	(425)	-	(609)	2,356
<b>Net cost of services</b>	<b>37,331</b>	<b>(10,274)</b>	<b>(4,068)</b>	<b>3</b>	<b>(14,339)</b>	<b>22,992</b>
Other income and expenditure	(38,557)	1,399	(1,962)	14,976	14,413	(24,144)
<b>(Surplus)/deficit for the year</b>	<b>(1,226)</b>	<b>(8,875)</b>	<b>(6,030)</b>	<b>14,979</b>	<b>74</b>	<b>(1,152)</b>
Opening general fund balance at 1 April 2022						(29,963)
<b>Closing general fund balance at 31 March 2023</b>						<b>(31,115)</b>

### 7.1.1 Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **financing and investment income and expenditure** - the statutory charges for capital financing, i.e., minimum revenue provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### 7.1.2 Net change for the pensions adjustment

Net change for the removal of pension contributions and the addition of IAS19 employee benefits pension related expenditure and income:

- for **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- for **financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

### 7.1.3 Other differences

Other differences between amounts debited/(credited) to the comprehensive income and expenditure statement and amounts payable/(receivable) to be recognised under statute:

- For **financing and investment income and expenditure** the other difference column recognises adjustments to the general fund for the timing differences for premiums and discounts.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future (surpluses) or deficits on the collection fund.

## 7.1.4 Segmental income

The table above shows net expenditure, the income analysed on a segmental basis is shown below:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(29,030)	Chief operating officer	(32,462)
(2,251)	Chief planning officer	(1,908)
(1,939)	Corporate services	(3,345)
(63)	Housing strategy	(396)
(5,472)	Leisure & health	(6,046)
(2,397)	Operations	(2,140)
(3,149)	Strategic insight & delivery	(3,448)
(5,516)	3CICT shared service	(5,806)
<b>(49,830)</b>		<b>(55,579)</b>

## 8. Expenditure and income analysed by nature

The Council's expenditure and income is analysed as follows:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
	<b>Expenditure</b>	
28,738	Employees	29,623
14,303	Other service expenses	17,351
6,024	Support service recharges	(1,265)
	Depreciation, amortisation, REFCUS & investment	
13,561	property fair value adjustment	14,826
213	Interest payments	394
2,835	Transfer & grant payments	3,054
10,990	Precepts & levies	9,169
24,917	Benefit payments	26,053
<b>101,581</b>	<b>Total expenditure</b>	<b>99,205</b>
	<b>Income</b>	
(28,419)	Fees, charges & other service income	(29,148)
(1,499)	Interest and investment income	(3,448)
(26,347)	Income from council tax & non-domestic rates	(28,867)
(452)	Post stock transfer capital receipts	(15)
(34,550)	Government grants & contributions	(39,260)
(39)	Proceeds from disposal of non-current assets	(19)
(11,501)	Levies	(2,000)
<b>(102,807)</b>	<b>Total income</b>	<b>(102,757)</b>
<b>(1,226)</b>	<b>Surplus on the provision of services</b>	<b>(3,552)</b>

## 9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are made by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves against which the adjustments are made.

- **General fund balance**  
The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.
- **Capital receipts reserve**  
The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
- **Capital grants unapplied**  
The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2023/24		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	1,286	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	(47)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,730)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(4,167)	-	(7,035)
<b>Total adjustments to the revenue resources</b>	<b>(4,658)</b>	<b>-</b>	<b>(7,035)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	35	(35)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,660	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>2,695</b>	<b>(35)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	136	-
Repayment of loans	5	(121)	-
Application of capital grants to finance capital expenditure	-	-	6,907
<b>Total adjustments to capital resources</b>	<b>5</b>	<b>15</b>	<b>6,907</b>
<b>Total adjustments</b>	<b>(1,958)</b>	<b>(20)</b>	<b>(128)</b>

	2022/23		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
<b>Adjustments to the revenue resources</b>			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(6,030)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	500	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	2,691	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(51)	-	(11,788)
<b>Total adjustments to the revenue resources</b>	<b>(2,890)</b>	<b>-</b>	<b>(11,788)</b>
<b>Adjustments between revenue and capital resources</b>			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	512	(512)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,556	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>3,068</b>	<b>(512)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Use of the capital receipts reserve to finance capital expenditure	-	662	-
Repayment of loans	(104)	(4,677)	-
Application of capital grants to finance capital expenditure	-	-	3,371
<b>Total adjustments to capital resources</b>	<b>(104)</b>	<b>(4,015)</b>	<b>3,371</b>
<b>Total adjustments</b>	<b>74</b>	<b>(4,527)</b>	<b>(8,417)</b>

## 10. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2022/23 and 2023/24.

	<b>Balance 1 April 2022</b>	<b>Transfers in 2022/23</b>	<b>Transfers out 2022/23</b>	<b>Balance 31 March 2023</b>	<b>Transfers in 2023/24</b>	<b>Transfers out 2023/24</b>	<b>Balance 31 March 2024</b>
	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(1,158)	(236)	687	(707)	(416)	174	(949)
Commuted S.106 payments	(983)	(20)	88	(915)	(206)	85	(1,036)
Repairs & renewals fund	(1,809)	(99)	-	(1,908)	(2,130)	-	(4,038)
Strategic transformation reserve	(759)	-	40	(719)	(1)	199	(521)
Collection fund reserve	(5,859)	-	2,669	(3,190)	(300)	668	(2,822)
Commercial investment fund	(5,595)	(344)	-	(5,939)	(1,673)	1,808	(5,804)
Market towns investment fund	(518)	(20)	88	(450)	-	71	(379)
Budget surplus reserve	(4,421)	(475)	-	(4,896)	(1,976)	-	(6,872)
Special reserve	(656)	-	-	(656)	-	-	(656)
Other reserves	(6,030)	(4,141)	611	(9,560)	(4,346)	2,533	(11,373)
	<b>(27,788)</b>	<b>(5,335)</b>	<b>4,183</b>	<b>(28,940)</b>	<b>(11,048)</b>	<b>5,538</b>	<b>(34,450)</b>

The following paragraphs provide an explanation of these reserves.

- S106 agreements - contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
- Commuted S106 payments - represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
- Repairs and renewals funds - some services contribute an annual sum, and the funds are used to pay for one-off repair or renewal items, thereby smoothing the spending on large maintenance items.
- Strategic transformation reserve - to fund workflow streams associated with initiatives to improve the efficiency of the Council.
- Collection fund - excess non-domestic rates and council tax received from the collection fund due to be repaid in future years.
- Commercial investment fund - revenue allocation to meet future investment in commercial investment strategy.
- Market towns investment fund - a fund to support the redevelopment of Huntingdonshire's market towns.
- Budget surplus reserve - contains surplus funds that exceed the £2,175,000 maximum threshold for the general fund balance.
- Special reserve - to support business activity that will achieve future savings.
- Other reserves - this is a summary of other less significant reserves that support on-going service activity, including local plan activity, district council elections, new trading company, community infrastructure levy administration, IT projects, housing support, community support projects and landlord activities.

#### 11. Other operating income and expenditure

2022/23		2023/24
£000		£000
7,894	Parish precepts	8,470
(452)	Post stock transfer capital receipts	(15)
503	Drainage board levies	554
(39)	Gain on the disposal of non-current assets	(19)
<b>7,906</b>		<b>8,990</b>

#### 12. Financing and investment income and expenditure

2022/23		2023/24
£000		£000
213	Interest payable and similar charges	394
1,946	Pensions interest cost and expected return on pensions assets	(252)
(1,499)	Interest receivable	(3,448)
(5,095)	Income and expenditure in relation to investment properties and changes in their fair value	363
(63)	Other investment, trading operations and shared services	(87)
<b>(4,498)</b>		<b>(3,030)</b>



**13. Taxation and non-specific grant income**

2022/23		2023/24
£000		£000
(17,555)	Council tax income	(18,522)
(9,354)	Non-domestic rates	(10,345)
(2,957)	Non-ringfenced government grants	(2,806)
(8,745)	Developer contributions (CIL & s.106)	(1,914)
(3,354)	Capital grants	(5,161)
<b>(41,965)</b>		<b>(38,748)</b>

**14. Property, plant and equipment****14.1 Measurement bases used**

The gross carrying amount of assets has been determined on the following bases:

- land and buildings - existing use value
- vehicles, plant and equipment - depreciated historic cost
- infrastructure assets - depreciated historic cost
- community assets - historic cost
- assets under construction - historic cost

**14.2 Depreciation methods used**

Depreciation is calculated on a straight-line basis over the useful life of an asset.

**14.3 Useful lives or depreciation rates used**

The useful life of an asset is the period over which it is expected to deliver productive benefit to the Council.

The following useful lives have been used in the calculation of depreciation:

- other land and buildings – 10 to 50 years
- vehicles, plant, furniture & equipment – 2 to 25 years
- infrastructure assets – 10 to 40 years

**14.4 Effects of changes in estimates**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls

**14.5 Revaluations**

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every three years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2023/24 accounts.

The valuations at 31 March 2024 have been carried out by Wilks, Head & Eve LLP, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;
- vehicles, plant, equipment and infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community assets, and assets under construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently, there is no ongoing revaluation review for these assets.
- assets surplus to requirements – these have been assessed to fair value on the basis of market value.

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Carried at historical cost</b>	-	7,861	4,025	451	-	1,136	13,473
<b>Valued at current cost as at:</b>							
31 March 2024	13,360	-	-	-	5,299	-	18,659
31 March 2023	33,986	-	-	-	-	-	33,986
31 March 2022	18,545	-	-	-	-	-	18,545
<b>Total cost or valuation</b>	<b>65,891</b>	<b>7,861</b>	<b>4,025</b>	<b>451</b>	<b>5,299</b>	<b>1,136</b>	<b>84,663</b>

## 14.6 Capital commitments

At 31 March 2024 the Council was contractually committed to capital works valued at approximately £6,353,000 (31 March 2023 £1,980,000). The schemes are listed in the table below:

Service	Scheme	31 March 2024
		£000
Chief operating officer	Disabled facilities grants	885
Chief planning officer	A14 upgade	13
	Transport project	2,460
Corporate services	Energy efficiency works	46
	Fareham offices works	34
Housing strategy	Housing	17
	Market towns/future high streets	794
	The Old Falcon project	255
	UK shared prosperity fund	91
Leisure & health	Burgess Hall air conditioning	34
	Leisure centre future improvements	97
	Ramsey car park	49
Operations	Vehicles & plant	1,149
	Wheeled bins	51
Strategic insight & delivery	Changing places	261
	Hinchingbrooke country park	64
	Secure cycle storage	4
	St Neots riverside park path & cycleway	8
3CICT shared services	Data centre racks	26
	Hardware replacement	13
	UPS replacement	2
		<b>6,353</b>

## 14.7 Movement on property, plant and equipment

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Cost or valuation</b>							
<b>At 1 April 2023</b>	<b>62,966</b>	<b>23,212</b>	<b>10,008</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>100,394</b>
Additions	952	1,469	-	-	-	595	3,016
Revaluation increases recognised in the revaluation reserve	2,951	-	-	-	3,792	-	6,743
Revaluation decreases/reversals recognised in the revaluation reserve	(656)	-	-	-	(275)	-	(931)
Revaluation increases recognised in the surplus on the provision of services	788	-	-	-	-	-	788
Revaluation decreases recognised in the surplus on the provision of services	-	-	-	-	(135)	-	(135)
Derecognition - disposals	-	(857)	(641)	-	-	-	(1,498)
Reclassification of assets as REFCUS	-	-	-	-	-	(444)	(444)
Reclassification of assets as investment property	-	-	-	-	-	(855)	(855)
<b>At 31 March 2024</b>	<b>67,001</b>	<b>23,824</b>	<b>9,367</b>	<b>451</b>	<b>5,299</b>	<b>1,136</b>	<b>107,078</b>
<b>Accumulated depreciation</b>							
<b>At 1 April 2023</b>	<b>(641)</b>	<b>(14,873)</b>	<b>(5,626)</b>	-	-	-	<b>(21,140)</b>
Depreciation charge for the year	(1,090)	(1,947)	(357)	-	-	-	(3,394)
Depreciation written back on revaluation	621	-	-	-	-	-	621
Derecognition - disposals	-	857	641	-	-	-	1,498
<b>At 31 March 2024</b>	<b>(1,110)</b>	<b>(15,963)</b>	<b>(5,342)</b>	-	-	-	<b>(22,415)</b>
<b>Net book value</b>							
<b>At 31 March 2024</b>	<b>65,891</b>	<b>7,861</b>	<b>4,025</b>	<b>451</b>	<b>5,299</b>	<b>1,136</b>	<b>84,663</b>
<b>At 1 April 2023</b>	<b>62,325</b>	<b>8,339</b>	<b>4,382</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>79,254</b>

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
<b>Cost or valuation</b>							
<b>At 1 April 2022</b>	<b>64,227</b>	<b>22,729</b>	<b>9,869</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>100,646</b>
Additions	594	1,545	139	-	-	387	2,665
Revaluation increases recognised in the revaluation reserve	6,491	-	-	-	-	-	6,491
Revaluation decreases/reversals recognised in the revaluation reserve	(5,670)	-	-	-	-	-	(5,670)
Revaluation increases recognised in the surplus on the provision of services	35	-	-	-	-	-	35
Revaluation decreases recognised in the surplus on the provision of services	(2,703)	-	-	-	-	-	(2,703)
Derecognition - disposals	-	(1,060)	-	-	-	-	(1,060)
Other movements in cost or valuation	(8)	(2)	-	-	-	-	(10)
<b>At 31 March 2023</b>	<b>62,966</b>	<b>23,212</b>	<b>10,008</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>100,394</b>
<b>Accumulated depreciation</b>							
<b>At 1 April 2022</b>	<b>(2,627)</b>	<b>(14,020)</b>	<b>(5,251)</b>	-	-	-	<b>(21,898)</b>
Depreciation charge for the year	(1,815)	(1,913)	(375)	-	-	-	(4,103)
Depreciation written back on revaluation	3,793	-	-	-	-	-	3,793
Derecognition - disposals	-	1,058	-	-	-	-	1,058
Other movements	8	2	-	-	-	-	10
<b>At 31 March 2023</b>	<b>(641)</b>	<b>(14,873)</b>	<b>(5,626)</b>	-	-	-	<b>(21,140)</b>
<b>Net book value</b>							
<b>At 31 March 2023</b>	<b>62,325</b>	<b>8,339</b>	<b>4,382</b>	<b>451</b>	<b>1,917</b>	<b>1,840</b>	<b>79,254</b>
<b>At 1 April 2022</b>	<b>61,600</b>	<b>8,709</b>	<b>4,618</b>	<b>451</b>	<b>1,917</b>	<b>1,453</b>	<b>78,748</b>

## 15. Investment properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

2022/23		2023/24
£000		£000
(5,354)	Rental income from investment property	(3,922)
1,095	Direct operating expenses arising from investment property	1,316
<b>(4,259)</b>		<b>(2,606)</b>
(836)	Net (gains)/losses from fair value adjustments	2,969
<b>(5,095)</b>		<b>363</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2022/23		2023/24
£000		£000
<b>70,067</b>	<b>Balance at 1 April</b>	<b>70,932</b>
29	Additions	1,833
836	Net gains/(losses) from fair value adjustments	(2,969)
-	Transfers from property, plant and equipment	855
<b>70,932</b>	<b>Balance at 31 March</b>	<b>70,651</b>

### Valuation techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31 March. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

### Fair value hierarchy

In order to increase the consistency and comparability in fair value measurements, the method by which fair values are assessed are separated into three levels. The three levels are based on the inputs to the valuation techniques that are used to measure fair value.

- **Level 1 inputs**  
Quoted prices in active markets for identical assets or liabilities that the authority can access at the measurement date.
- **Level 2 inputs**  
Inputs (other than quoted prices within level 1) that are observable for the asset or liability, either directly or indirectly.
- **Level 3 inputs**  
Unobservable inputs for the asset or liability.

Details of how the fair value hierarchy inputs apply to the Council's investment properties are demonstrated in the table below:

Fair value inputs level 2 other significant observable inputs at 31 March 2023 £000	Asset type	Fair value inputs level 2 other significant observable inputs at 31 March 2024 £000
9,815	Retail	9,788
17,696	Office	17,731
43,421	Commercial	43,132
<b>70,932</b>		<b>70,651</b>

The Council has no level 1 and 3 fair value inputs.

#### Transfers between levels of the fair value hierarchy

There were no transfers between levels during the year.

#### Significant observable inputs level 2

The fair value for investment properties is based on the market approach, using current market conditions and sale prices for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

#### 16. Intangible assets

The Council accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to software is generally 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £195,000 was charged to revenue in 2023/24; this was either charged to ICT and then absorbed as an overhead across all the service headings in the net expenditure of services or charged directly to services.

The movement on intangible asset balances during the year is as follows:

2022/23			2023/24	
£000			£000	
		<b>Balance at start of year</b>		
3,252		Gross carrying amounts	3,212	
(2,372)		Accumulated amortisation	(2,457)	
<b>880</b>		<b>Net carrying amount at start of year</b>	<b>755</b>	
60		Additions	81	
(100)		Disposals or retirements	(433)	
(185)		Amortisation for the period	(195)	
100		Reversal of amortisation on disposals or retirements	433	
<b>755</b>		<b>Net carrying amount at end of year</b>	<b>641</b>	
		Comprising:		
3,212		Gross carrying amounts	2,860	
(2,457)		Accumulated amortisation	(2,219)	
<b>755</b>			<b>641</b>	

## 17. Financial instruments

### 17.1 Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

31 March 2023			31 March 2024	
Long term	Current		Long term	Current
£000	£000		£000	£000
		<b>Investments</b>		
		Financial assets held at fair value through other comprehensive income	3,582	-
3,727	-	Financial assets held at amortised costs	-	45,600
<b>3,727</b>	<b>40,000</b>	<b>Total investments</b>	<b>3,582</b>	<b>45,600</b>
		<b>Debtors</b>		
5,139	21,762	Loans and receivables	2,482	7,970
<b>5,139</b>	<b>21,762</b>	<b>Total debtors</b>	<b>2,482</b>	<b>7,970</b>
<b>8,866</b>	<b>61,762</b>	<b>Total financial assets</b>	<b>6,064</b>	<b>53,570</b>



31 March 2023		31 March 2024	
Long term £000	Current £000	Long term £000	Current £000
<b>Borrowings</b>			
		Financial liabilities held at amortised cost	
(34,272)	(349)	(34,263)	(268)
<b>(34,272)</b>	<b>(349)</b>	<b>(34,263)</b>	<b>(268)</b>
<b>Other long term liabilities</b>			
		Financial liabilities held at fair value through profit and loss	
(573)	-	(569)	-
<b>(573)</b>	<b>-</b>	<b>(569)</b>	<b>-</b>
<b>Creditors</b>			
		Financial liabilities held at amortised cost	
-	(9,935)	-	(10,141)
<b>-</b>	<b>(9,935)</b>	<b>-</b>	<b>(10,141)</b>
<b>(34,845)</b>	<b>(10,284)</b>	<b>(34,832)</b>	<b>(10,409)</b>

## 17.2 Income, expense, gains and losses

2022/23		2023/24	
Financial assets: loans and receivable £000	Financial liabilities: liabilities measured at amortised cost £000	Financial assets: loans and receivable £000	Financial liabilities: liabilities measured at amortised cost £000
-	213	-	394
(1,499)	-	(3,448)	-
<b>(1,499)</b>	<b>213</b>	<b>(3,448)</b>	<b>394</b>
<b>Net loss/(gain) for the year</b>		<b>Net loss/(gain) for the year</b>	

## 17.3 Fair values of assets and liabilities

Financial instruments, except those classified at amortised cost, are carried in the balance sheet at fair value. The fair value is taken from the market price. The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- CCLA property fund is in a form of shares which are actively traded and have a market price. The net asset value quoted as at the end of trading on 31 March 2024 was used in evaluating this fund.

Financial instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- the fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2024.
- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

IFRS 13 introduces a three level of hierarchy for the inputs into fair value calculations:

- level 1- quoted prices in active markets for identical assets or liabilities
- level 2 - inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments
- level 3 - fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

There have not been any transfers between hierarchy levels during the financial year.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

31 March 2023			31 March 2024	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
		<b>Assets</b>		
70,628	70,628	Loans and receivables	59,634	59,634
		<b>Liabilities</b>		
(45,129)	(38,183)	Financial liabilities	(45,241)	(36,840)

31 March 2023			31 March 2024	
Carrying amount £000	Fair value £000	Fair value level	Carrying amount £000	Fair value £000
<b>Financial liabilities held at amortised cost</b>				
(34,272)	(27,326)		(34,263)	(25,862)
<u>(34,272)</u>	<u>(27,326)</u>	2	<u>(34,263)</u>	<u>(25,862)</u>
<b>Total</b>				
(10,857)	(10,857)		(10,978)	(10,978)
<u>(45,129)</u>	<u>(38,183)</u>		<u>(45,241)</u>	<u>(36,840)</u>
<i>Recorded on the balance sheet as:</i>				
(9,935)	(9,935)		(10,141)	(10,141)
(349)	(349)		(268)	(268)
<u>(10,284)</u>	<u>(10,284)</u>		<u>(10,409)</u>	<u>(10,409)</u>
<b>Short term financial liabilities</b>				
(34,272)	(27,326)		(34,263)	(25,862)
(573)	(573)		(569)	(569)
<u>(34,845)</u>	<u>(27,899)</u>		<u>(34,832)</u>	<u>(26,431)</u>
<u>(45,129)</u>	<u>(38,183)</u>		<u>(45,241)</u>	<u>(36,840)</u>
<b>Long term financial liabilities</b>				
<b>Total financial liabilities</b>				
<b>Financial assets held at fair value through other comprehensive income</b>				
3,727	3,727		3,582	3,582
<b>Financial assets held at amortised cost</b>				
40,000	40,000		45,600	45,600
<u>43,727</u>	<u>43,727</u>	1	<u>49,182</u>	<u>49,182</u>
<b>Total</b>				
26,901	26,901		10,452	10,452
<u>70,628</u>	<u>70,628</u>		<u>59,634</u>	<u>59,634</u>
<b>Total financial assets</b>				
<i>Recorded on the balance sheet as:</i>				
21,762	21,762		7,970	7,970
40,000	40,000		45,600	45,600
<u>61,762</u>	<u>61,762</u>		<u>53,570</u>	<u>53,570</u>
<b>Short term financial assets</b>				
5,139	5,139		2,482	2,482
3,727	3,727		3,582	3,582
<u>8,866</u>	<u>8,866</u>		<u>6,064</u>	<u>6,064</u>
<u>70,628</u>	<u>70,628</u>		<u>59,634</u>	<u>59,634</u>
<b>Long term financial assets</b>				
<b>Total financial assets</b>				

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes loans where the interest rate payable is lower than the current rates available for similar loans as at the balance sheet date.

The financial liabilities are shown below:

<b>31 March 2023</b>			<b>31 March 2024</b>	
£000			£000	
(5,000)	PWLB - 2.78%	506436	02/10/2017 to 02/10/2037	(5,000)
(7,293)	PWLB - 2.49%	508696	11/03/2019 to 11/03/2039	(7,293)
(11,963)	PWLB - 2.18%	509389	26/06/2019 to 26/06/2039	(11,963)
(17)	Salix			(8)
<b>(34,272)</b>				<b>(34,263)</b>
<b>Short term</b>				
(83)	PWLB - 2.24%	502463	07/08/2013 to 07/08/2023	-
(9)	Salix			(8)
(257)	Accrued interest			(260)
<b>(349)</b>				<b>(268)</b>
<b>(10,508)</b>	<b>Creditors</b>			<b>(10,710)</b>
<b>(45,129)</b>				<b>(45,241)</b>

## 18. Inventories

<b>2022/23</b>					<b>2023/24</b>			
Leisure					Leisure			
centres	Diesel	Other	Total		centres	Diesel	Other	Total
£000	£000	£000	£000		£000	£000	£000	£000
<b>33</b>	<b>190</b>	<b>79</b>	<b>302</b>	<b>Balance at 1 April</b>	<b>37</b>	<b>183</b>	<b>182</b>	<b>402</b>
-	663	-	663	Purchases	-	665	-	665
-	(710)	-	(710)	Recognised as an expense in year	-	(628)	-	(628)
4	40	103	147	Stock adjustment	(1)	(195)	(30)	(226)
-	-	-	-	Balances written off	-	-	-	-
<b>37</b>	<b>183</b>	<b>182</b>	<b>402</b>	<b>Balance at 31 March</b>	<b>36</b>	<b>25</b>	<b>152</b>	<b>213</b>

Other inventories comprise refuse sacks, staff uniforms and IT hardware.

## 19. Short term debtors

31 March 2023		31 March 2024
£000		£000
3,603	Central government bodies	5,235
9,770	Other local authorities	6,053
313	NHS bodies	4
18,217	Other entities and individuals	9,220
<u>31,903</u>		<u>20,512</u>
(2,010)	Provision for impairment of bad debts	(2,312)
<u>29,893</u>		<u>18,200</u>

## 20. Cash and cash equivalents

31 March 2023		31 March 2024
£000		£000
9	Cash held	9
394	Bank balances	542
11,521	Short term deposits	16,753
<u>11,924</u>		<u>17,304</u>
(2,884)	Bank overdraft	(2,988)
<u>9,040</u>		<u>14,316</u>

## 21. Assets held for sale

Assets held for sale are expected to be sold within twelve months of the balance sheet date. The asset is carried at carrying value or expected sale proceeds, whichever is lower.

There are no assets held for sale at 31 March 2024.

## 22. Short term creditors

31 March 2023		31 March 2024
£000		£000
	<b>Creditors and receipts in advance</b>	
(17,023)	Central government bodies	(5,920)
(1,413)	Other local authorities	(3,526)
(607)	NHS bodies	(273)
(9,538)	Other entities and individuals	(10,015)
<u>(28,581)</u>		<u>(19,734)</u>
	<b>Capital grants and other receipts in advance</b>	
(2,842)	Central government bodies	(2,842)
<u>(31,423)</u>		<u>(22,576)</u>

### 23. Usable reserves

Movements in usable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2022	Debits	Credits	2023	Debits	Credits	2024
	£000	£000	£000	£000	£000	£000	£000
General fund	<b>(2,175)</b>	129,115	(129,115)	<b>(2,175)</b>	124,631	(124,631)	<b>(2,175)</b>
Capital receipts reserve	-	662	(5,189)	<b>(4,527)</b>	136	(156)	<b>(4,547)</b>
Capital grants unapplied	<b>(48,222)</b>	3,371	(11,788)	<b>(56,639)</b>	6,907	(7,035)	<b>(56,767)</b>
Earmarked reserves	<b>(27,788)</b>	4,183	(5,335)	<b>(28,940)</b>	5,538	(11,048)	<b>(34,450)</b>
	<b>(78,185)</b>	<b>137,331</b>	<b>(151,427)</b>	<b>(92,281)</b>	<b>137,212</b>	<b>(142,870)</b>	<b>(97,939)</b>

### 24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April	Movements		31 March	Movements		31 March
	2022	Debits	Credits	2023	Debits	Credits	2024
	£000	£000	£000	£000	£000	£000	£000
Capital adjustment account	<b>(54,796)</b>	19,180	(9,537)	<b>(45,153)</b>	15,596	(14,134)	<b>(43,691)</b>
Revaluation reserve	<b>(31,015)</b>	388	(4,614)	<b>(35,241)</b>	900	(7,180)	<b>(41,521)</b>
Financial instruments adjustment account	<b>(333)</b>	236	-	<b>(97)</b>	192	-	<b>95</b>
Financial instruments revaluation reserve	<b>156</b>	-	-	<b>156</b>	-	-	<b>156</b>
Deferred capital receipts	<b>30</b>	-	-	<b>30</b>	-	-	<b>30</b>
Pensions reserve	<b>70,090</b>	10,924	(85,817)	<b>(4,803)</b>	14,068	(4,974)	<b>4,291</b>
Collection fund adjustment account	<b>4,018</b>	-	(2,691)	<b>1,327</b>	1,730	-	<b>3,057</b>
	<b>(11,850)</b>	<b>30,728</b>	<b>(102,659)</b>	<b>(83,781)</b>	<b>32,486</b>	<b>(26,288)</b>	<b>(77,583)</b>

#### 24.1 Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2022/23			2023/24	
£000	£000		£000	£000
	(54,796)	<b>Balance at 1 April</b>		(45,153)
		<b>Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement</b>		
4,103		Charges for depreciation of non-current assets	3,394	
185		Amortisation of intangible assets	195	
2,668		Revaluation decreases/(increases) recognised in the surplus on the provision of services	(653)	
(836)		Movement in the market value of investment properties recognised in the surplus on the provision of services	2,969	
7,441		Revenue expenditure funded from capital under statute	8,922	
2		Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the comprehensive income and expenditure statements	-	
(388)		Adjusting amounts written out of the revaluation reserve	(153)	
		<b>Capital financing applied in the year</b>		
(662)		Use of the capital receipts reserve to finance new capital expenditure	(136)	
(1,710)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(1,817)	
(3,371)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(6,907)	
(2,556)		Statutory provision for the financing of capital investment charged against the general fund	(2,660)	
4,781		Repayment of long term debtors	116	
(14)		Capital expenditure charged to general fund	(1,808)	
	9,643	Net movements		1,462
	<u>(45,153)</u>	<b>Balance at 31 March</b>		<u>(43,691)</u>

## 24.2 Revaluation reserve

The revaluation reserve contains the gains arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

2022/23			2023/24	
£000	£000		£000	£000
	(31,015)	<b>Balance at 1 April</b>		(35,241)
(7,618)		Upward revaluation of assets	(7,180)	
3,004		Downward revaluation or impairment of assets not charged to the surplus on the provision of services	747	
	(4,614)	Surplus on revaluation of non-current assets not posted to the surplus on the provision of services		(6,433)
	388	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		153
	<u>(35,241)</u>	<b>Balance at 31 March</b>		<u>(41,521)</u>

### 24.3 Financial instruments adjustment account

The financial instruments adjustment account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the general fund. The fair value of car loans was immaterial and has not been included.

2022/23			2023/24	
£000			£000	
	(333)	<b>Balance at 1 April</b>		(97)
		Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements		
	236		192	
	<u>(97)</u>	<b>Balance at 31 March</b>	<u>95</u>	

### 24.4 Financial instruments revaluation reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to the financial instruments revaluation reserve and taken to the deficit on the revaluation of financial assets (FVOCI elected) line in the comprehensive income and expenditure statement.

2022/23			2023/24	
£000			£000	
	156	<b>Balance at start and end of year</b>		156

### 24.5 Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

2022/23			2023/24	
£000			£000	
	30	<b>Balance at start and end of year</b>		30



## 24.6 Pensions reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. In 2023/24, the actuarial valuation has seen a significant increase in the asset surplus. Under the International Accounting Standard (IAS19) the Council must disclose the lower of the actuarial valuation or asset ceiling calculation. The asset ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for 2023/24.

<b>2022/23</b>		<b>2023/24</b>
£000		£000
<b>70,090</b>	<b>Balance at 1 April</b>	<b>(4,803)</b>
(80,923)	Actuarial (gains)/losses on pensions assets and liabilities	10,380
10,924	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	3,688
(4,894)	Employer's contributions and direct payments to pensioners payable in year	(4,974)
<b>(4,803)</b>	<b>Balance at 31 March</b>	<b>4,291</b>

## 24.7 Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the comprehensive income and expenditure statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

<b>2022/23</b>		<b>2023/24</b>
£000		£000
<b>4,018</b>	<b>Balance at 1 April</b>	<b>1,327</b>
(2,691)	Amount by which council tax income and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non-domestic rates calculated for the year in accordance with statutory requirements	1,730
<b>1,327</b>	<b>Balance at 31 March</b>	<b>3,057</b>

**25. Cash flow statement****25.1 Adjustments to net deficit on the provision of services for non-cash movements**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
4,103	Depreciation	3,394
2,668	Impairment and revaluations	(653)
185	Amortisation	195
(8,821)	Decrease in creditors	(9,601)
(5,234)	(Increase)/decrease in debtors	12,055
(100)	(Increase)/decrease in inventories	189
6,030	Pension liability	(1,286)
2	Carrying amount of non-current assets sold	-
(639)	Other non-cash items charged to the net surplus or deficit on the provision of services	4,558
<b>(1,806)</b>		<b>8,851</b>

**25.2 Adjustments for items included in the net deficit on the provision of services that are investing and financing activities**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(512)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(35)
(13,498)	Any other items for which the cash effects are investing or financing cash flows	(8,852)
<b>(14,010)</b>		<b>(8,887)</b>

**25.3 Operating activities**

Operating activities within the cash flow statement include the following cash flows:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
1,401	Interest received	3,410
(194)	Interest paid	(392)

**26. Cash flow statement - investing activities**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
(3,424)	Purchase of property, plant and equipment, investment property and intangible assets	(4,671)
(19,000)	Purchase of short term and long term investments	(5,600)
(2,835)	Other payments for investing activities	(197)
512	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	35
21,889	Other receipts from investing activities	11,692
<b>(2,858)</b>		<b>1,259</b>

**27. Cash flow statement - financing activities**

<b>2022/23</b>		<b>2023/24</b>
£000		£000
12	Other receipts/(payments) from/(for) financing activities	(4)
(4,555)	Repayments of short- and long-term borrowing	(92)
4,320	Council tax and non-domestic rates adjustments	597
<b>(223)</b>		<b>501</b>

**28. Members' allowances**

The Council paid the following amounts to members of the Council during the year:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
393	Allowances	413
3	Expenses	3
<b>396</b>		<b>416</b>

**29. Officers' remuneration****29.1 Senior officers' remuneration**

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or, where employed during the financial year, for those earning more than £150,000 (excluding pension contributions) then they must be named.

	<b>2023/24</b>				
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Corporate director - people (1)	116	-	116	20	136
Director of finance & corporate resources - s151 officer	88	-	88	15	103
Chief operating officer	83	-	83	14	97
Assistant director - strategic insight & delivery	83	-	83	14	97
Corporate director - people (2)	79	-	79	13	92
Chief executive officer (3)	76	1	77	13	90
Corporate director - place (4)	4	-	4	1	5

(1) Interim managing director until 30/09/2023

(2) Interim position - ended 31 March 2024

(3) Started 11/09/2023

(4) Started 18/03/2024

	<b>2022/23</b>				
	<b>Salary (including allowances)</b>	<b>Election fees</b>	<b>Total remuneration excluding pension contributions</b>	<b>Employer pension contributions</b>	<b>Total remuneration including pension contributions</b>
	£000	£000	£000	£000	£000
Managing director (1)	135	10	145	23	168
Corporate director - people	95	1	96	16	112
Corporate director - place (2)	88	-	88	15	103
Chief operating officer	80	1	81	14	95
Assistant director - strategic insight & delivery	80	-	80	14	94
Director of finance & corporate resources - s151 officer (3)	66	-	66	11	77
Chief finance officer - s151 officer (4)	8	-	8	1	9
Corporate director - people (5)	8	-	8	1	9
Assistant director - corporate resources (6)	4	-	4	1	5

(1) Ended 28/02/2023

(2) Ended 26/02/2023

(3) Started 20/06/2022

(4) Ended 29/04/2022

(5) Interim position - started 10/02/2023

(6) Ended 15/04/2022

## 29.2 Officers' remuneration

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

<b>2022/23</b>		<b>2023/24</b>
Number of employees		Number of employees
16	£50,000 - £54,999	19
14	£55,000 - £59,999	15
6	£60,000 - £64,999	10
4	£65,000 - £69,999	1
1	£70,000 - £74,999	3
1	£75,000 - £79,999	1
-	£80,000 - £84,999	1
<b>42</b>		<b>50</b>

**30. External audit costs**

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
53	Fees payable to the appointed auditor with regard to external audit services	77
10	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	13
<u>63</u>		<u>90</u>

**31. Grant income**

The Council credited the following revenue grants and contributions to the comprehensive income and expenditure statement:

<b>2022/23</b>		<b>2023/24</b>
£000		£000
	<b>Credited to taxation and non specific grant income</b>	
(2,116)	New homes bonus	(1,273)
(956)	Other non-ringfenced grants	(1,552)
<u>(3,354)</u>	Capital grants	<u>(5,161)</u>
<b>(6,426)</b>		<b>(7,986)</b>

<b>2022/23</b>		<b>2023/24</b>
£000		£000
	<b>Credited to services</b>	
(23,473)	Rent allowances	(25,535)
(425)	Benefits administration	(462)
(1,445)	Improvement grants	(1,702)
<u>(2,781)</u>	Other grants	<u>(3,575)</u>
<b>(28,124)</b>		<b>(31,274)</b>

The Council has received some grants that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned. The balances at the year-end are as follows:

<b>31 March</b>		<b>31 March</b>
<b>2023</b>		<b>2024</b>
£000		£000
	<b>Capital</b>	
<u>(2,842)</u>	Cambridgeshire Horizons - Other	<u>(2,842)</u>
<b>(2,842)</b>		<b>(2,842)</b>
	<b>Other</b>	
(52)	Mortgage rescue scheme	(52)
<u>(61)</u>	Preventing repossessions	<u>(61)</u>
<b>(113)</b>		<b>(113)</b>

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the capital receipts unapplied account pending their use to fund the relevant capital scheme. The balances at the year-end are as follows:

<b>31 March 2023</b>		<b>31 March 2024</b>
£000		£000
(1)	Building foundations from growth	(1)
-	Changing Places	(85)
(54,989)	Community infrastructure levy	(54,614)
(1,375)	Future High Street	(1,142)
-	Housing fund	(651)
(155)	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
<b>(56,639)</b>		<b>(56,767)</b>

### 32. Related party transactions

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g., Council tax bills.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 28. Some members are also:

- elected members of other councils, including the county council, parish and town councils.
- nominated representatives of Huntingdonshire District Council on various organisations, including the Cambridgeshire and Peterborough Combined Authority.

The Council has a significant operational relationship with Cambridgeshire County Council. The county council is the administering authority for the Council's pension fund, and many of the Council's services work with county council services on a day-to-day basis e.g., the Council is the statutory waste collection authority whereas the county council is the statutory waste disposal authority, but each of the councils has to pay the other in respect of certain types of waste.

During 2023/24, the Council:

- paid £9,073,000 to the county council (£6,323,000 for pensions and £2,750,000 for other services); and
- received £830,000 from the county council.

The Council also has shared services arrangements with Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC) for ICT, building control, legal and CCTV services:

<b>Payments (from)/to</b>	<b>CCC</b> £000	<b>SCDC</b> £000
ICT services	(3,601)	(2,177)
Legal services	(239)	-
Building control	130	-
CCTV	(467)	-

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2023/24 was £294,000 (2022/23 £285,000), which represents 15% of the disabled facilities grant that the agency manages on behalf of the Council. The Council also incurred relocation costs where the agency received a contribution of £3,000 in 2022/23 (2022/23 £2,000).

Huntingdonshire District Council are responsible for billing and collecting council tax and national non-domestic rates on behalf of the following preceptors:

- Cambridgeshire County Council
- Cambridgeshire and Peterborough Police and Crime Commissioner
- Cambridgeshire and Peterborough Fire Authority
- Cambridgeshire and Peterborough Combined Authority

Full details of the amounts payable to each of the organisations are shown in the collection fund on page 79.

In respect of 2023/24 52 members out of the 52 members who served the Council and 17 officers out of the 17 officers in post returned a related party transaction disclosure form.

Following a comprehensive review of relevant statutory and voluntary disclosures and other ad-hoc information sources, the following councillors and officers (as either an individual or family interest) have disclosed a related party; this is shown below:

Organisation	Person	Relationship	Payments made by the organisation to the Council 2023/24 £	Payments made by the Council to the organisation 2023/24 £	Interest
BID Huntingdon	Cllr Wakeford	Director	*	37,004 11,197	Visitor centre grant Shop front grant
Cambridgeshire County Council	Cllr Blackwell	Partner relationship	100,000		Grant for council tax pilot scheme
	Cllr Bywater	Member			
	Cllr Corney	Member			
	Cllr Costello	Member			
	Cllr Criswell	Member		120,000	Grant contribution Broadway scheme
	Cllr Dew	Member			
	Cllr Ferguson	Member		48,000	UKSPF business & IP centres
	Cllr Gardener	Member			
	Cllr Gleadow	Committee appointee		10,000	Funding towards NEET transport project
	Cllr Hunt	Committee appointee			
	Cllr McAdam	Committee appointee			
	Cllr Sanderson	Member		78,863	Other grant contributions
	Cllr Slade	Partner relationship			
	Cllr I Taylor	Partner relationship			
	Cllr S Taylor	Member			
	Cllr Tevlin	Committee appointee			
	Cllr Wells	Committee appointee			
Cambridgeshire & Peterborough Combined Authority	Cllr Conboy	Committee appointee	*	*	
	Cllr Corney	Committee appointee			
	Cllr Davenport-Ray	Committee appointee			
	Cllr Hassall	Committee appointee			
	Cllr Neish	Committee appointee			
	Cllr Pitt	Committee appointee			
	Cllr Sanderson	Committee appointee			
	Cllr Wakeford	Committee appointee			
Food for Naught	Cllr Howell	Director	-	1,000	Community chest grant
Godmanchester Town Council	Cllr Conboy	Member	-	9,054	Vibrant Communities grant
	Cllr D Mickelburgh	Member			
Huntingdon Commemoration Hall	Cllr McAdam	Trustee	*	1,000 6,084	Community chest grant Shop front grant



Organisation	Person	Relationship	Payments made by the organisation to the Council 2023/24 £	Payments made by the Council to the organisation 2023/24 £	Interest
Huntingdon Town Council	Cllr Blackwell	Member	*	16,652	Vibrant Communities grant
	Cllr M Kadewere	Member			Biodiversity for All grant
	Cllr P Kadewere	Member		7,999	Mill Common grant
	Cllr McAdam	Member		6,592	Contribution to Fayre on the Square
	Cllr Sanderson	Member		900	Community chest grant
Loves Farm Community Association/ Centre	Cllr Davenport Ray	Trustee	*	1,000	Community chest grant
	Cllr Pickering	Member			
	Cllr Pitt	Member			
Ramsey Town Council	Cllr Brereton	Member	*	10,000	Vibrant Communities grant
	Cllr Clarke	Member			Grant provision Old Station Road
	Cllr Corney	Member		8,640	
	Cllr Costello	Member			
Social Echo North Huntingdon CIC	Cllr Howell	Director	*	3,537	Contribution to health inequalities project
				800	Community chest grant
Somersham Parish Council	Cllr Criswell	Member	*	6,610	Contribution to health inequalities project
				5,000	Vibrant Communities grant
St Ives Town Council	Cllr Burke	Member	*	20,000	Vibrant Communities grant
	Cllr Gleadow	Member			Contribution to health inequalities project
	Cllr Kerr	Member		7,500	
	Cllr Mokbul	Member			
	Cllr Wells	Member			
St Neots Town Council	Cllr Banks	Member	*	50,000	Public art initiative
	Cllr Pitt	Member		20,000	Vibrant Communities grant
	Cllr Slade	Member			
	Cllr Terry	Member			
Yaxley Parish Council	Cllr Gulson	Member	*	10,000	Vibrant Communities grant
				500	Community chest grant

\* There are payments to and from Huntingdonshire District Council however these are normal business transactions and are therefore not related party transactions and do not need to be declared.

### 33. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

A net increase in the CFR reflects the Council's need to borrow to finance capital expenditure. The borrowing will be repaid from an annual revenue charge (minimum revenue provision) which reflects the use of the assets over their useful lives.

2022/23		2023/24
£000		£000
<b>70,379</b>	<b>Opening capital financing requirement</b>	<b>72,261</b>
	<b>Capital investment</b>	
2,139	Property, plant and equipment	2,421
60	Intangible assets	81
	Revenue expenditure funded from capital under	
7,441	statute	8,478
29	Investment properties	1,833
387	Assets under construction	595
139	Infrastructure assets	-
	<b>Sources of finance</b>	
(662)	Capital receipts	(136)
(1,710)	Grants and other contributions	(1,817)
	Capital grants unapplied reserve - community	
(1,170)	infrastructure levy	(2,365)
(2,201)	Capital grants unapplied reserve - other	(4,542)
(14)	Use of earmarked reserves	(1,808)
(2,556)	Minimum revenue provision	(2,660)
<b>72,261</b>	<b>Closing capital financing requirement</b>	<b>72,341</b>
	Increase in underlying need to borrow (unsupported	
<b>1,882</b>	by government financial assistance)	<b>80</b>

### 34. Leases

#### 34.1 Council as lessee

##### 34.1.1 Finance leases

The Council has acquired some industrial units under finance leases. The assets acquired under these leases are carried as investment properties in the balance sheet at the following net amounts:

31 March 2023		31 March 2024
£000		£000
621	Investment properties	369

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

2022/23			2023/24	
£000			£000	
545		Non-current	545	
2,676		Finance costs payable in future years	2,637	
<b>3,221</b>			<b>3,182</b>	

The minimum lease payments will be payable over the following periods:

2022/23				2023/24		
Finance lease payments £000	Minimum lease payments £000			Finance lease payments £000	Minimum lease payments £000	
-	39	Not later than 1 year		-	39	
1	156	Later than 1 year and not later than 5 years		1	156	
544	3,026	Later than 5 years		544	2,987	
<b>545</b>	<b>3,221</b>			<b>545</b>	<b>3,182</b>	

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £81,000 contingent rents were payable by the Council (2022/23 £81,000).

### 34.1.2 Operating leases

The Council has a number of operating leases for land which vary from 3 years to 125 years. The operating lease payments made in the year, are in the following tables.

The future minimum lease payments due under non-cancellable leases in future years are:

2022/23			2023/24	
£000			£000	
-		Not later than 1 year	70	
-		Later than 1 year and not later than 5 years	59	
-			<b>129</b>	

The expenditure charged to the appropriate service in the comprehensive income and expenditure statement during the year in relation to these leases was:

2022/23			2023/24	
£000			£000	
28		Lease payments	56	
<b>28</b>			<b>56</b>	

### 34.1.3 Service concessions

The Council does not have any contracts that include service concessions.

**34.2 Council as lessor****34.2.1 Finance leases**

The Council has no finance leases as lessor.

**34.2.2 Operating leases**

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future lease payments receivable under non-cancellable leases in future years are noted below:

<b>2022/23</b>			<b>2023/24</b>	
£000			£000	
(3,589)	Not later than 1 year		(3,788)	
(8,561)	Later than 1 year and not later than 5 years		(11,520)	
(22,139)	Later than 5 years		(27,122)	
<b>(34,289)</b>			<b>(42,430)</b>	

The lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date, such as adjustments following rent reviews.

**35. Impairment losses**

During 2023/24 the Council has recognised impairments to property, plant and equipment of £nil (2022/23 £nil).

**36. Termination benefits and exit packages**

The Council approved 0 compulsory redundancies (2022/23: 1) and 0 voluntary redundancies (2022/23: 0). In addition, a further 4 employees left the council in 2023/24 with a compromise agreement (2022/23: 4).

All costs in respect of termination benefits and exit packages have been debited to the year in which the decision was made. The following table shows the banding of employee terminations and the total cost to the Council per band.

	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
							£000	£000
£0 - £20,000	1	-	4	4	5	4	22	21
	<b>1</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>22</b>	<b>21</b>

**37. Defined benefit pension schemes****37.1 Participation in pensions schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

### 37.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year:

2022/23		2023/24
£000		£000
	<b>Comprehensive income and expenditure statement</b>	
	<b>Cost of services</b>	
8,895	Current service cost	3,940
83	Past service cost	-
	<b>Financing and investment income and expenditure</b>	
7,169	Net interest expense	8,674
(5,223)	Expected return on scheme assets	(8,926)
<b>10,924</b>	<b>Total post employment benefit charged to the surplus on the provision of service</b>	<b>3,688</b>
	<b>Other post employment benefit charged to the comprehensive income and expenditure statement</b>	
	Re-measurement of the net defined benefit liability comprising:	
(10,026)	Return on plan assets (excluding the amount included in the net interest expense)	12,046
1,442	Actuarial gains and losses arising on changes in demographic assumptions	980
104,084	Actuarial gains and losses arising on changes in financial assumptions	11,546
(14,577)	Other experience gains	(5,747)
-	Asset ceiling adjustment	(29,205)
<b>80,923</b>	<b>Total post employment benefit charged to other comprehensive income and expenditure</b>	<b>(10,380)</b>
<b>91,847</b>	<b>Total post employment benefit charged to the comprehensive income and expenditure</b>	<b>(6,692)</b>

2022/23		2023/24
£000		£000
<b>Movement in reserves statement</b>		
	Reversal of net charges made to the surplus on the provision of services for post employment benefits in accordance with the code	
(10,924)		(3,688)
	Actual amount charged against the general fund for pensions in the year:	
4,724	Employer contributions to the scheme	4,796
170	Retirement benefits payable to pensioners	178
<b>(6,030)</b>	<b>Total movement in pensions reserve</b>	<b>1,286</b>

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2023/24 is a loss of £10,380,000 (a gain of £80,923,000 during 2022/23).

### 37.3 Assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2022/23	2023/24
	£000	£000
Fair value of plan assets	188,640	208,166
Present value of funded liabilities	(181,859)	(181,357)
Present value of unfunded liabilities	(1,978)	(1,895)
	4,803	24,914
Asset ceiling adjustment	-	(29,205)
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>4,803</b>	<b>(4,291)</b>

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2024 resulting in a pension plan asset. IAS19 requires that, where a pension plan asset exists, it is measured at the lower of:

- the surplus in the defined benefit plan; and
- the asset ceiling

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the pension asset recognised in its balance sheet to the asset ceiling. The adjustment has been recognised within other comprehensive income and expenditure of the comprehensive income and expenditure statement.

## 37.4 Assets and liabilities in relation to post-employment benefits

Reconciliation of the present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities		Unfunded liabilities: discretionary benefits	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	(261,461)	(181,859)	(2,371)	(1,978)
Current service cost	(8,895)	(3,940)	-	-
Interest cost	(7,169)	(8,674)	-	-
Change in financial assumptions	103,861	11,641	223	(95)
Change in demographic assumptions	1,442	980	-	-
Experience gain on defined benefit obligation	(14,577)	(5,747)	-	-
Estimated benefits paid net of transfers in	6,204	7,462	-	-
Past service costs including curtailments	(83)	-	-	-
Contributions by scheme participants	(1,181)	(1,220)	-	-
Unfunded pension payments	-	-	170	178
<b>Closing balance at 31 March</b>	<b>(181,859)</b>	<b>(181,357)</b>	<b>(1,978)</b>	<b>(1,895)</b>

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2022/23	2023/24
	£000	£000
<b>Opening balance at 1 April</b>	193,742	188,640
Interest on assets	5,223	8,926
Return on assets less interest	(10,026)	12,046
Contributions by employer including unfunded	4,724	4,796
Contributions by scheme participants	1,181	1,220
Estimated benefits paid plus unfunded net of transfers in	(6,204)	(7,462)
<b>Closing balance at 31 March</b>	<b>188,640</b>	<b>208,166</b>

Pension scheme assets comprised:

	31 March 2023				31 March 2024			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
UK debt securities	-	6,385	6,385	3%	-	17,697	17,697	9%
Equity securities	-	-	-	0%	14,108	-	14,108	7%
Private equity	-	23,409	23,409	12%	-	25,370	25,370	12%
UK property	-	12,322	12,322	7%	-	16,816	16,816	8%
Cash	4,557	-	4,557	2%	4,519	-	4,519	2%
Derivatives	-	792	792	0%	-	1	1	0%
<b>Other investment funds:</b>								
Equities	-	104,226	104,226	55%	-	84,855	84,855	41%
Infrastructure	-	16,584	16,584	9%	-	14,924	14,924	7%
Other bonds	-	20,365	20,365	11%	-	29,876	29,876	14%
	<b>4,557</b>	<b>184,083</b>	<b>188,640</b>		<b>18,627</b>	<b>189,539</b>	<b>208,166</b>	

### 37.4 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2022.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The significant assumptions used by the actuary have been:

<b>2022/23</b>
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<b>2023/24</b>
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#### Mortality assumptions

##### Longevity at 65 for current pensioners:

22.0	Men	21.8
24.6	Women	24.4

##### Longevity at 65 for future pensioners:

22.3	Men	22.1
26.0	Women	25.8

3.45%	Rate of increase in salaries	3.25%
2.95%	Rate of increase in pensions	2.75%
4.75%	Rate for discounting scheme liabilities	4.85%



The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in assumption
	£000
Longevity (increase by 1 year)	3-5%
Rate of increase in salaries (increase by 0.1%)	166
Rate of increase in pensions (increase by 0.1%)	3,607
Rate for discounting scheme liabilities (decrease by 0.1%)	(3,704)

### 37.5 Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2022.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Employer contributions for 2024/25 are estimated at £4,709,000.

### 37.6 Scheme history

	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
	£000	£000	£000	£000	£000
<b>Present value of liabilities:</b>					
Local government pension scheme	(206,927)	(269,842)	(261,461)	(181,859)	(181,357)
Discretionary benefits	(2,483)	(2,519)	(2,371)	(1,978)	(1,895)
<b>Fair value of assets in the local government pension scheme</b>	143,605	179,317	193,742	188,640	208,166
<b>Asset ceiling adjustment</b>	-	-	-	-	(29,205)
<b>(Deficit)/surplus in the scheme:</b>					
Local government pension scheme	(63,322)	(90,525)	(67,719)	6,781	(2,396)
Discretionary benefits	(2,483)	(2,519)	(2,371)	(1,978)	(1,895)
<b>Total</b>	(65,805)	(93,044)	(70,090)	4,803	(4,291)

**37.7 History of experience gains and losses**

	2019/20	2020/21	2021/22	2022/23	2023/24
	%	%	%	%	%
Differences between the expected and actual return on assets	3.87	18.16	5.60	(5.31)	5.79
Experience gains and losses on liabilities	7.71	(0.86)	1.39	7.93	3.14

**38. Nature and extent of risks arising from financial instruments**

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

**38.1 Credit risk**

Credit risk arises from investments with banks and financial institutions, as well as credit exposures to the Council's customers.

In relation to investments, the Council has adopted CIPFA's code of practice on treasury management in the public services, has an agreed treasury management strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's prudential code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £88,286,000 (2022/23 £75,951,000) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2024 that this was likely to occur and there are no investments that as at 31 March 2024 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The following analysis summarises the Council's potential maximum exposure to credit risk on receivables, based on historical experience of default and uncollectability. It relates to the sundry debtor element of the total debtors, including debts of individuals, entities and housing benefit claimants.

Amount at 31 March 2024 £000	Average historical experience of default	Historial experience adjusted for market conditions at 31 March 2024	Estimated maximum exposure to default and uncollectability at 31 March 2024 £000	Estimated maximum exposure to default and uncollectability at 31 March 2023 £000
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Sundry debtors	4,645	1.64%	1.64%	1,363	1,324
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No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

The Council does not generally allow credit for customers. The due but not impaired amount can be analysed by age as follows:

31 March 2023 £000		31 March 2024 £000	
6,367	Less than three months	3,152	
144	Three to six months	601	
516	Six months to one year	727	
1,252	More than one year	3,793	
<b>8,280</b>		<b>8,273</b>	

### 38.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the code of practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

### 38.3 Market risk

#### 38.3.1 Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the (surplus)/deficit on the provision of services will rise
- investments at fixed rates – the fair value of the investments asset will fall
- borrowings at variable rates – the interest expense charged to the (surplus)/deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowings liability will fall

Changes in interest payable and receivable on variable rate investments will be posted to the surplus on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

The Council has strategies for managing interest rate risk. The annual treasury management strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long-term returns.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

### 38.3.2 Price risk

At 31 March 2024 the Council had £4,000,000 invested in the local authorities' property fund which is a professionally managed diversified property portfolio.

This investment is classified as a financial asset elected for fair value through other comprehensive income (FVOCI), meaning that all movements in price will impact on gains and losses recognised in other comprehensive income and expenditure.

A loss of £145,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2023/24 (2022/23 a loss of £736,000). This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

### 38.3.3 Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

## 39. Provisions, contingent assets and contingent liabilities

### 39.1 Provisions

A provision is made where an obligating event is expected to occur within the next 12 months.

	Short term provisions		
	NDR appeals provision	Insurance claim	Total
	£000	£000	£000
<b>Balance at 1 April 2022</b>	<b>(1,118)</b>	<b>(13)</b>	<b>(1,131)</b>
Amounts used in 2022/23	(1,318)	-	(1,318)
Amounts charged to services in 2022/23	1,118	-	1,118
<b>Balance at 31 March 2023</b>	<b>(1,318)</b>	<b>(13)</b>	<b>(1,331)</b>
Amounts used in 2023/24	(2,911)	-	(2,911)
Amounts charged to services in 2023/24	1,318	-	1,318
<b>Balance at 31 March 2024</b>	<b>(2,911)</b>	<b>(13)</b>	<b>(2,924)</b>

- Non-domestic ratings (NDR) appeals – the council has made a provision of £7,277,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £2,911,000 would have to be borne by the Council, with the balance being met from the other preceptors. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- Insurance - this provision relates to a workplace related illness acquired by an employee who was working for a predecessor authority pre-1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

### 39.2 Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2024, the Council had no material contingent assets.

### 39.3 Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2024.

2022/23		2023/24
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
2,550	<p><b>Environment related</b></p> <p>The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably.</p> <p>However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 16 years (originally 30 years).</p>	2,400

2022/23	2023/24
Estimated value of contingent liability	Estimated value of contingent liability
£000	£000

**Corporate related**

654	<p>Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a scheme of arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to the increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the courts. The supreme court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The scheme of arrangement was enforced in January 2014. A £0.201m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.855m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board.</p> <p>The contingent liability shown for 2023/24 is the balance of the total claims paid by MMI on behalf of the Council.</p>	654
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## Collection fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2022/23			2023/24			
Council tax	NNDR	Total		Council tax	NNDR	Total
£000	£000	£000	note	£000	£000	£000
(134,721)	-	(134,721)		(144,497)	-	(144,497)
-	(60,009)	(60,009)		-	(63,978)	(63,978)
-	405	405		-	(6,411)	(6,411)
<b>(134,721)</b>	<b>(59,604)</b>	<b>(194,325)</b>		<b>(144,497)</b>	<b>(70,389)</b>	<b>(214,886)</b>
			<b>Income</b>			
			<b>Precepts and demands</b>			
94,791	-	94,791	C2	101,513	-	101,513
16,614	-	16,614	C2	17,930	-	17,930
4,836	-	4,836	C2	5,258	-	5,258
-	-	-	C2	790	-	790
17,625	-	17,625	C2	18,725	-	18,725
			<b>Payments of NNDR 1 proportionate shares</b>			
-	29,951	29,951	C3	-	33,880	33,880
-	5,391	5,391	C3	-	6,098	6,098
	599	599	C3		678	678
-	23,960	23,960	C3	-	27,104	27,104
			<b>Distribution of previous year estimated (deficit)/surplus</b>			
-	(4,575)	(4,575)	C1	-	(2,088)	(2,088)
(549)	(823)	(1,372)	C1	213	(375)	(162)
(97)	-	(97)	C1	38	-	38
(29)	(91)	(120)	C1	11	(41)	(30)
-	-	-	C1	-	-	-
(104)	(3,660)	(3,764)	C1	36	(1,671)	(1,635)
			<b>Charges to the collection fund</b>			
-	1,169	1,169		-	996	996
-	1,860	1,860		-	2,235	2,235
-	222	222		-	227	227
496	70	566		1,447	422	1,869
-	500	500	C4	-	3,982	3,982
<b>133,583</b>	<b>54,573</b>	<b>188,156</b>		<b>145,961</b>	<b>71,447</b>	<b>217,408</b>
			<b>(Surplus)/deficit for the year</b>			
(1,138)	(5,031)	(6,169)		1,464	1,058	2,522
682	10,240	10,922		(456)	5,209	4,753
<b>(456)</b>	<b>5,209</b>	<b>4,753</b>		<b>1,008</b>	<b>6,267</b>	<b>7,275</b>



## Notes to the collection fund

### C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements show the transactions of the billing authority in relation to the collection from taxpayers of council tax and non-domestic rates (NDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Huntingdonshire, the council tax precepting bodies are Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner, Cambridgeshire Fire Authority and Cambridgeshire & Peterborough Combined Authority.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor/(creditor) in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

### C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A\* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e., the equivalent number of band D dwellings).



Band	2023/24		
	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
A*	39.2	5/9	21.8
A	14,510.7	6/9	9,673.8
B	23,003.3	7/9	17,891.5
C	18,390.9	8/9	16,347.5
D	11,133.6	9/9	11,133.6
E	7,288.0	11/9	8,907.6
F	2,664.9	13/9	3,849.3
G	1,060.4	15/9	1,767.3
H	68.1	18/9	136.2
			<u>69,728.6</u>
Allowance for non-collection			(397.1)
Council tax support scheme			<u>(3,536.5)</u>
<b>Council tax base</b>			<b><u>65,795.0</u></b>

### C3. Non-domestic rates

The Council collects non-domestic rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NDR pool) administered by central government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectible rates due. Huntingdonshire District Council's share is 40% with the remainder paid to our precepting bodies, central government 50%, Cambridgeshire County Council 9% and Cambridgeshire Fire Authority 1%.

The business rates shares payable for 2023/24 were estimated before the start of the financial year as £33,880,126 to central government, £6,098,423 to Cambridgeshire County Council, £677,603 to Cambridgeshire Fire Authority and £27,104,101 to Huntingdonshire District Council. These sums have been paid in 2023/24 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Huntingdonshire District Council paid a tariff of £21,360,072 from the general fund in 2023/24.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2024. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2023/24 has been calculated as £3,982,000 (2022/23: of £500,000).

The total non-domestic rateable value at 31 March 2024 was £179,433,210 (31 March 2022: £152,823,493). The national non-domestic rate multiplier for the year was 49.9p for small businesses (2022/23: 49.9p) and 51.2p for all other businesses (2022/23: 51.2p).

**C4. Non-domestic rates appeals**

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic rating list entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes.

	<b>NNDR appeals provision</b>
	£000
<b>Balance at 1 April 2022</b>	<b>(2,794)</b>
Amounts used in 2022/23	(3,294)
Amounts charged to services in 2022/23	2,794
<b>Balance at 31 March 2023</b>	<b>(3,294)</b>
Amounts used in 2023/24	(7,277)
Amounts charged to services in 2023/24	3,294
<b>Balance at 31 March 2024</b>	<b>(7,277)</b>

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### Glossary of terms

#### **Accrual**

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

#### **Actuarial assumptions**

These are predictions made for factors that will affect the financial condition of the pension scheme.

#### **Amortisation**

The gradual write-off of initial costs of assets.

#### **Asset**

An item having value to the Council in monetary terms.

#### **Balance**

Unallocated reserves held to resource unpredictable expenditure demands.

#### **Business improvement district**

A levy on local business to provide funding to develop the immediate area covered by the levy. The levy is agreed by majority vote.

#### **Capital charges**

Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

#### **Capital expenditure**

Expenditure on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or expenditure on non-current assets.

#### **Capital financing charges**

The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

#### **Capital adjustment account**

The account which reflects the extent to which the Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

#### **Capital receipts**

Income received from selling non-current assets.

#### **Carrying amount**

The value of an asset or liability in the balance sheet.

#### **CIPFA**

This is the Chartered Institute of Public Finance and Accountancy which is the body that represents accounting in the public sector.

#### **Collection fund**

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

#### **Community infrastructure levy**

An amount payable by developers (commercial and domestic) in respect of new buildings created within the district. The levy must be used to provide infrastructure; decisions on which are taken by district and parish Councils.

#### **Contingent liabilities**

These are amounts for which the Council may be, but is not definitely, liable.

**Council tax**

A tax paid by residents of the district that is based on the value of the property lived in and is paid to the Council and spent on local services.

**Creditors**

These are people or organisations to which the Council owes money for goods or services which have not been paid for by the end of the financial year.

**Current assets**

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

**Debtors**

Sums of money owed to the Council but not received by the end of the financial year.

**Depreciation**

The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

**Earmarked reserves**

Money set aside for a specific purpose.

**Exceptional item**

A material item in the comprehensive income and expenditure statement that falls within the ordinary activities of the Council, but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Finance lease**

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

**Impairment**

A reduction in the value of property, plant and equipment to below its carrying amount on the balance sheet.

**Impairment of debts**

This recognises that the real value of debt is less than the book value.

**Intangible assets**

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

**Liabilities**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

**Liquid resources**

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

**Local enterprise partnership**

A government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the non-domestic rates collected for that area and channelled into the "partnership" to fund schemes.

### **Minimum revenue provision**

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

### **Non-domestic rates**

Rates which are levied on business properties. From 1st April 2013, as a consequence of the Local Government Finance Act 2012, a local non-domestic rating regime was introduced that included the business rates retention scheme (see also tariff and safety net).

### **Operating leases**

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

### **Precept**

A payment to the Council's general fund, or another local council, from the Council's collection fund.

### **Prior year adjustments**

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

### **Property, plant and equipment**

Non-current assets that give benefit to the Council and the services it provides for more than one year.

### **Provisions**

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

### **Reclassification**

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is "material" then this is a reclassification.

### **Responsible financial officer**

The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

### **Restated**

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be restated as if the correction or policy had been in place as at the end of the previous financial year.

### **Revenue expenditure funded from capital under statute**

Spending on items normally classed as revenue but which are defined by statute as capital, e.g., improvement grants.

### **Revaluation reserve**

The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

### **Revenue expenditure**

Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

### **Revenue support grant**

A grant from central government towards the cost of providing services.

**Safety net**

The scheme for localising non-domestic rates (NDR) includes a safety net provision. Where the actual NDR after tariff is less than 92.5% of the funding baseline, central government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

**Section 106**

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

**Tariff**

The scheme for localising non-domestic rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays central government a tariff equal to the difference between the two baselines.

**True and fair view override**

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

**Abbreviations**

<b>CFR</b>	capital financing requirement
<b>CIES</b>	comprehensive income and expenditure statement
<b>CIL</b>	community infrastructure levy
<b>CIPFA</b>	chartered institute of public finance and accountancy
<b>CPFA</b>	chartered public finance accountant
<b>DRC</b>	depreciated replacement cost
<b>EFA</b>	expenditure and funding analysis
<b>FTE</b>	full time equivalent
<b>IAS</b>	international accounting standards
<b>IFRIC</b>	international financial reporting interpretations committee
<b>IFRS</b>	international financial reporting standards
<b>LEP</b>	local enterprise partnership
<b>LGPS</b>	local government pension scheme
<b>LLPG</b>	local land and property gazetteer (UK)
<b>MHCLG</b>	ministry for housing, communities and local government
<b>MRP</b>	minimum revenue provision
<b>MTFS</b>	medium term financial strategy

<b>NBV</b>	net book value
<b>NDR</b>	non-domestic rates
<b>NHB</b>	new homes bonus
<b>NNDR</b>	national non-domestic rates (business rates)
<b>PWLB</b>	public works loans board
<b>RICS</b>	royal institution of chartered surveyors
<b>RSG</b>	revenue support grant
<b>S106</b>	section 106
<b>SOLACE</b>	society of local authority chief executives





**HUNTINGDONSHIRE DISTRICT COUNCIL  
AUDIT OF ACCOUNTS 2023/24  
NOTICE OF PUBLIC RIGHTS**

**Notice given in accordance with the Local Audit and Accountability Act 2014 and  
Section 15 of the Accounts and Audit Regulations 2015**

Notice is hereby given that the unaudited Statement of Accounts for 2023/24 and the Annual Governance Statement have been prepared and published on the council's website. These are subject to change.

The Statement of Accounts includes the Narrative Report and the Annual Governance Statement prepared in accordance with the Accounts and Audit Regulations.

The Council's accounts are subject to external audit by **Claire Mellons, Partner, Ernst & Young LLP, Citygate, St James' Boulevard, Newcastle Upon Tyne, NE1 4JD.**

Members of the public and local government electors have certain rights in the audit process:

From 3 June 2024 to 12 July 2024 inclusive (excluding weekends), between 9.30 am and 4.30pm, at Pathfinder House, St Mary's Street, Huntingdon any person interested has the opportunity to inspect and make copies of the accounts and books, deeds, contracts, bills, vouchers, receipts and other documents should contact the Director of Finance and Resources on 01480 387072 or at [karen.sutton@huntingdonshire.gov.uk](mailto:karen.sutton@huntingdonshire.gov.uk) to discuss their requirements.

From 3 June 2024 to the 12 July 2024, a local government elector for the area of the Council, or his or her representative, may by prior arrangement ask the auditor questions about the accounts. Please contact the auditor at the address above to make arrangements.

During this period, a local government elector for the area, or his or her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 27 of the local Audit and Accountability Act 2014) and/or apply for a declaration that an item in the accounts is contrary to law (under Section 28 of the Local Audit and Accountability Act 2014). Written notice of a proposed objection and the grounds on which it is to be made must be sent to the auditor at the address given above and copied to the Council at the address given below.

Dated 29 May 2024

Mrs Karen Sutton  
Director of Finance and Corporate Resources  
Huntingdonshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

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# **Appendix 1 – Annual Governance Statement 2023-24 - To Follow**

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Internal Audit Service: Annual Report 2023/24
<b>Meeting/Date:</b>	Corporate Governance Committee – 29 <sup>th</sup> May 2024
<b>Executive Portfolio:</b>	Cllr Joanna Harvey, Executive Councillor for Governance and Democratic Services
<b>Report by:</b>	Karen Sutton, Director of Finance and Corporate Resources
<b>Ward(s) affected:</b>	All Wards

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### **Executive Summary:**

The Public Sector Internal Audit Standards (PSIAS) require the Committee to receive an annual report on the work of the Internal Audit Service. The report is required to include:

- The opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

This report details the work undertaken by Internal Audit during the year ending 31 March 2024 to support the following opinion statement.

#### **Audit Opinion:**

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2023/2024.

The Annual Governance Statement (AGS) requires an annual opinion from the Head of Internal Audit on the Control Environment; the opinion should be provided by a suitably qualified and independent person. As the Council is currently without an Internal Audit Manager, this opinion has been provided by Jonathan Tully, Head of Shared Internal Audit Cambridge City Council.

The opinion is based on the outcome of 8 audit reviews and 6 reviews of key financial systems.

The following new areas are brought to Committee's attention:

- 1) Social Value in Procurement: The audit found that the Policy & Framework adopted in 2019 had not been implemented and key aspects are not complied with, and our approach has not been amended to reflect a number of economic changes. A formal contract management process is not in place and staff not trained in social value. Additional resources are being recruited to review and implement the Social Value in Procurement policy, to adopt the new Procurement Regulations being introduced in October 2024 and to assist Budget Managers with contract management.
- 2) Implementation of Audit Actions: throughout the year there has remained a significant number of audit actions that have become overdue. It is likely that capacity has inhibited progress, but it is important that services propose realistic implementation dates. Internal Audit will take action to discuss the realism or challenge these dates at audit closure.
- 3) Assurance work over the Planning Service (Development Management) and GDPR was not undertaken due to awareness that the service provision was not fully in place. The Services agreed to prepare and follow an improvement plan and the intention is for Internal Audit to review progress against these in the 2024/25 Audit Plan.

The Internal Audit Manager continues to report functionally to the Corporate Governance Committee and maintains organisational independence. There were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

### **Recommendation(s):**

It is recommended that the Committee:

1. Consider and comment upon the report; and
2. Take into account the audit assurance opinion when considering the Annual Governance Statement (AGS) for 2023/24.

## **1. PURPOSE OF THE REPORT**

- 1.1 This is the annual report detailing Internal Audit performance. It covers the period 1 April 2023 to 31 March 2024.
- 1.2 The report includes an annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes. As the role of the Internal Audit Manager is currently vacant within the Council, opinion on its Internal Audit service has been sought from the Head of Shared Internal Audit Cambridge City Council, who is a suitable qualified and independent person.

## **2. WHY IS THIS REPORT NECESSARY**

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS).

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The Internal Audit Service Annual Report 2023/24 at Appendix 1 provides details of the work undertaken by Internal Audit during the year ending 31 March 2024 to support the annual opinion statement. This annual assurance opinion and any governance issues are to be included within the Council's AGS for the year.
- 3.2 The PSIAS details the matters that are required to be included in the annual report. These are:
  - a) The opinion
  - b) A summary of the work that supports the opinion; and
  - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.1 There are a number of matters within the audit reviews that are brought to the Committee's attention. These are detailed in the annual report and may be taken forward to the AGS as governance issues.

## **4. KEY IMPACTS / RISKS**

- 4.1 Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the AGS.

**5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 The annual report will be considered by the Committee during the preparation of the AGS.

**6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 6.1 The Internal Audit Service provides assurance to management and the Committee that risks to the delivery of the Corporate Plan across all of its areas are understood and managed appropriately.

**7. REASONS FOR THE RECOMMENDED DECISIONS**

- 7.1 In fulfilling its obligations under the PSAIS, the Committee is required to receive an annual report on the work of the Internal Audit Service. The outcomes of the report, particularly the annual opinion statement, will be included within the Council's AGS.

**8. LIST OF APPENDICES INCLUDED**

Appendix 1 – Internal Audit Service: Annual Report 2023/24

**9. BACKGROUND PAPERS**

Internal Audit Reports

Internal Audit performance management information

**CONTACT OFFICER**

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Email: [Karen.Sutton@huntingdonshire.gov.uk](mailto:Karen.Sutton@huntingdonshire.gov.uk)



**Appendix 1:**



**Internal Audit Service**  
**Annual Report and Opinion**  
**2023-24**

## 1. INTRODUCTION

This is the annual report detailing Internal Audit performance. It covers the period 1 April 2023 to 31 March 2024.

- 1.1 The report includes the annual opinion, provided by a qualified and independent person on the overall adequacy and effectiveness of the Council's *internal control, governance, and risk management processes*. The opinion has been provided by Jonathan Tully, Head of Shared Internal Audit Cambridge, City Council.
- 1.2 The opinion is based upon the work carried out by Internal Audit during the year, together with any other assurances and general knowledge gained.
- 1.3 The report provides information on:
  - The role of Internal Audit
  - The annual audit opinion
  - The delivery of the annual Internal Audit Plan
  - Audit reports issued and issues of concern.
  - Implementation of agreed actions and follow up.
  - Internal Audit performance
  - Quality assessment and improvement programme (QAIP).

## 2. ROLE OF INTERNAL AUDIT

- 2.1 The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards<sup>1</sup> or guidance.'
- 2.2 The role of internal audit is best summarised through its definition within the PSIAS, as an:

*'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*
- 2.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the internal control environment (see appendix 2) and, therefore, contribute to the achievement of the organisation's objectives.

### 3. ANNUAL INTERNAL AUDIT OPINION

- 3.1 The Head of Internal Audit provides an independent opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and the extent to which the Council can rely on it. This has been considered in the development of the Annual Governance Statement.
- 3.2 Regular updates are presented to the Corporate Governance Committee throughout the year which outline the key findings of the internal audit work undertaken during 2023/2024, including any areas of significant weakness in the internal control environment.
- 3.3 From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and reported to the Corporate Governance Committee.
- 3.4 The results of the work carried out by internal audit, taken together with other sources of assurance, inform the HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 3.5 The Public Sector Internal Audit Standards requires an audit opinion to be provided by a suitably qualified Head of Internal Audit. The Internal Audit Manager, who was substantively in post during the financial year, has left the Council. Information that supports the Governance Risk and Control framework has been provided to me as a peer Head of Internal Audit, who works regularly with the Council through existing partnership arrangements.
- 3.6 I have reviewed the reports and assurance provided by the Internal Audit team in the 2023/2024 Financial Year, plus considered external sources

It is the opinion of the Head of Internal Audit that, taking into account all available evidence, **reasonable assurance** may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2023/2024.

*This opinion includes a limitation of scope, as explained in the Resourcing section below.*

of assurance, to help inform my opinion of the control environment. I have reviewed a sample of working papers that support the audit reports but have not reperformed the quality assurance work completed by the Internal Audit Manager. I also take assurance that regular updates have been provided to the Corporate Governance Committee during the year.

- 3.7 Internal Audit should continually review their own processes for improvement as good practice. There may be scope to improve the team's internal audit process and I note work undertaken by the Local Government Association (LGA) Peer Review, and that the Council has already engaged with BDO to prepare for an External Quality Assessment. Whilst I have been observing Internal Audit work during this exercise, I have not been duplicating the work of the Peer Review or BDO. If I have seen observations in addition to their existing feedback, I have shared them with the S151 Officer for continuous improvement and development of the team.
- 3.8 Assurance can never be absolute. The audit opinion reflects the view of the assessor on the current state of the governance framework and the effectiveness of the systems of internal control across the Council and provides the Committee with an opinion for inclusion in the Annual Governance Statement (AGS). The opinion does not imply that internal audit has reviewed all risks, controls or governance arrangements.
- 3.9 The Annual Governance Statement should reflect the financial year, up and to the point that the final Statement of Accounts is approved. Any material changes arising whilst the draft Annual Governance Statement is being reviewed by the external auditors will be revised and republished with the final Statement of Accounts as standard practice.
- 3.10 Last year, in 2022/23, the annual audit opinion was stated as adequate assurance, whilst a limited assurance opinion was given for risk management. An action plan was put in place to improve risk management across the organisation, including a review of the Risk Management Strategy, which was approved by Council in December 2023, and the implementation of actions arising from the LGA Peer Challenge of Internal Audit in March 2023. Risk Management is now firmly embedded in the governance arrangements for the Council, and forms the basis of Internal Audit assurance sought, but work to establish the cultural change across all levels of the organisation continues.
- 3.11 The assurance opinion is based on the outcome of eight audit reviews (one still to be formally issued), follow-up reviews and the reviews of key controls within seven core financial systems. Two further audits are currently being undertaken.
- 3.12 There have been nil substantial assurance, four adequate assurance and four "position statement only" audit reports (general) issued in 2023/24.
- 3.13 Forty nine actions for improvement have been agreed in year. Only five actions, all linked to the review of Risk Management, have been classified

as 'red' priority, i.e., meaning the uncontrolled risk has the potential to seriously affect service delivery.

- 3.14 Progress has been noted on actions arising from the core financial audits, with only one action remaining open from last year; this is the review of the Debt Management policy which is scheduled for the next quarter.
- 3.15 Service managers have been asked to provide details of any third party or external assurances obtained for their service or any self-assessments they had carried out; the purpose of this was to gain knowledge of other assurance evidenced for a service area's assurance and to further support the overall annual audit opinion. Third party assurances are also used in the preparation of the annual audit plan.
- 3.16 The role of the Internal Audit manager is accountable to the Corporate Governance Committee and maintains organisational independence. They have no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

#### **4. DELIVERY OF 2023/24 INTERNAL AUDIT ACTIVITIES**

##### **4.1 Resourcing**

There has been significant change in the resourcing of Internal Audit during 2023/24 and this has impacted upon the team's ability to fully deliver the Internal Audit plan:

- The team welcomed a new fully qualified auditor to assist with cover for the trainee's maternity leave; whilst initially a fixed term position, this recruitment has been confirmed as permanent.
- One Internal Auditor left the team through an organisation internal move and was replaced by an experienced apprentice in September 2023.
- The Trainee Auditor returned from maternity leave at the end of the financial year.
- The Internal Audit Manager commenced leave from the Council in January 2024 and has taken a position in another council. Recruitment has commenced for this role.

This quantum of change has meant the 2023/24 Internal Audit plan was not fully implemented. Consequently, there is a temporary "limitation of scope" when reporting the annual opinion on the control environment.

A "limitation of scope" can arise where there is a potential reduction in the level of assurance when developing an annual opinion. This should not be confused with an "adverse opinion," which arises when sufficient work has been completed and this concludes that internal control arrangements are not adequate and effective.

The Public Sector Internal Audit Standards do not set out a formula to determine the appropriate level of internal coverage. However, as audits reviews from our 2023/24 plan have not been delivered, it is prudent to make our stakeholders aware of this. Our Leadership Team has been informed, and the Corporate Governance Committee have been regularly updated on the progress of our audit plan throughout 2023/24.

The outstanding work has been assessed and reviewed for inclusion in the 2024/25 plan where this continues to be a high priority for assurance. Some of these reviews are already in progress. As we operate an agile risk-based plan this is standard practice.

We have commenced an improvement plan, detailed later in this report, which will help identify solutions for improving our capacity to deliver assurance.

As at 31<sup>st</sup> March 2024, the approved establishment for Internal Audit was:

<b>Role</b>	<b>FTE</b>	<b>Position status</b>
Apprentice Auditor	1.0	Filled
Trainee Auditor	0.6	Filled
Internal Auditor	0.5	Filled
Internal Audit Manager	1.0	Vacant
Total Resource	<u>3.1</u>	

Where the team does not possess the in-depth skills and knowledge to undertake an audit, e.g., technical ICT reviews, external third party specialists will be used. BDO LLP has been appointed to undertake the Council's ICT audits.

## 4.2 In Year Internal Audit Activity

The team undertook the following reviews in year. Reports noted as being in draft are ones where final approval from the respective service managers is awaited.

Audit Area/Opinion	Date report issued	Actions Arising	
		Red	Amber
<u>Substantial Assurance:</u>			
None			
<u>Reasonable Assurance:</u>			
CIPFA Financial Management Code	April 2024	0	0
Safeguarding	January 2024	0	16
Tree Management	April 2024	0	8
Disabled Facilities Grants annual declaration	n/a	0	0
Climate - carbon data	draft	0	4
<u>Limited Assurance:</u>			
None			
<u>Position statement only:</u>			
Business Continuity Planning	May 2024	n/a	n/a
People Capacity	May 2024	n/a	n/a
GDPR – Health Check Improvement Action Plan	draft	n/a	n/a
<u>Key Controls:</u>			
Council Tax	February 2024	0	0
NNDR	February 2024	0	0
Creditors	November 2023	0	0
Debtors	December 2023	0	0
Main Accounting System	December 2023	0	0

The audit plan included the review of key controls within a number of key financial systems. The frequency of these continuous auditing reviews has been carried out on a risk versus value assessment.

A number of “position statement only” reviews were undertaken. These were in areas where systems and outputs are in development and the insight of Internal Audit could support and challenge the proposed controls to improve the outcomes.

There were no ‘Limited Assurance’ opinion reports issued in the year. In general, internal audit work found there to be a sound control environment in place across the majority of review areas.

It should also be noted there was a delay in the commencement of ICT review work; this was due to the originally appointed external resources being unable to fulfil their contractual duties. BDO LLP were subsequently appointed and have commenced review duties, with work on assessing Critical Applications Security currently ongoing.

#### 4.3 **Areas of Concern**

- Risk Management: this area was given a limited assurance opinion in 2022/23 following a full internal audit. The new Risk Management Strategy was approved in December 2023 and has been implemented across the Council, although work remains to deploy a formal training programme. A follow up audit is planned for 2024/25.
- Social Value in Procurement was also highlighted as a concern in 2022/23; the Code of Procurement in the Constitution references the current Social Value Procurement policy and is considered as part of the Procurement process. It is recognised that further work is required on the Social Value Procurement policy and a review will be planned once the new policy is implemented.
- A planned review of Procurement activity has been deferred due to capacity constraints on the Procurement resources; senior management is aware and additional resource has been approved.
- Implementation of Audit Actions: The level of overdue audit actions has reduced since the previous year end, although agreed actions continue to become overdue. Whilst there is an expectation that all actions will be implemented by the agreed date, it is acknowledged that where a change to the agreed action is needed, this will often take longer. Regular updates on the progress have been shared with the Corporate Governance Committee.

#### 4.4 **External Sources of Assurance**

Other sources of external assurance are used to help inform an opinion on the control environment. Assurance work and certification that has been completed in the year includes:

- LGO Ombudsman annual report
- ISO 9001:2015 – Quality Management System - Waste Collection
- BS CCTV 7984-2008 (Keyholding and response) compliance
- Driver & Vehicle Standards Agency Certification of Earned Recognition
- Public Services Network Certificate of Connection Compliance
- LGA Corporate Peer Challenge
- EY External Audit 2022/2023 Value For Money Conclusion



## **5. IMPLEMENTATION OF AGREED ACTIONS AND FOLLOW-UP WORK**

At the conclusion of an internal audit review, agreed audit actions are discussed with the respective service manager and implementation dates agreed. Progress against these is then monitored and reported to CGC. There is an expectation 100% of agreed actions will be implemented on time.

All actions are logged in the 4Action system which is accessible by service managers to monitor and update actions for their service. This software is used to report audit action progress to the senior leadership team (SLT) and CGC. The software is proactive, in that it sends out reminders to managers they have an action date approaching, but this does not guarantee action completion by the target date and some actions become overdue, often due to the amount of change required to implement the action being underestimated; managers are asked to provide status updates to their actions to allow the progress to be monitored and assistance provided, if needed.

At April 2023, 18 audit actions were reported as not having been implemented by the due date. By May 2024, this had reduced to 15 actions, as detailed on Appendix B.

Not all the implemented actions are routinely followed up. The IAM decides if a follow-up review is required after considering the action's classification, the action itself, the evidence provided by a manager to support the closure of the action and own knowledge of the action taken. When resources are settled, the intention will be to carry out a follow up review on any actions under a limited assurance opinion and others as they are deemed required.

## **6. INTERNAL AUDIT PERFORMANCE**

- 6.1 The Local Government Association (LGA) undertook a peer review of governance processes, assessed against CIPFA's "Unlocking Internal Audit Potential" report, to provide insight into the effectiveness of the Council's arrangements. The peer review highlighted areas that have historically come under the responsibility of Internal Audit but should be considered for separation in order that Internal Audit is able to independently review and report - these include Whistleblowing, the AGS, and the annual Report of the CGC.

## **Service delivery targets**

- 6.1 A new/refreshed End of Audit Survey has been designed and has been sent to the client for their feedback following closure of an audit.

The survey asks for feedback on various elements within the following aspects of an audit:

- Performance of the auditor.
- How well the audit was managed?
- How well we communicated?
- Quality of the audit report
- Overall quality of the audit (including how we could do things differently to improve our service).

Respondents rated the following areas good or very good:

- |                                |                          |
|--------------------------------|--------------------------|
| - Overall quality of the audit | 100%                     |
| - Quality of the audit reports | 100%                     |
| - Audit scope and coverage     | 100% (Duration only 83%) |
| - Performance of auditor       | 100%                     |

- 6.2 The monitoring of key service delivery targets will be considered in the future but are still used internally as targets within each audit review even though they are not formally measured and reported.

## **7. QUALITY ASSESSMENT & IMPROVEMENT PROGRAMME (QAIP)**

- 7.1 One of the elements of the PSIAS (Public Sector Internal Audit Standards) is the requirement to maintain a quality assessment and improvement programme (QAIP) which needs to be sufficiently comprehensive to encompass all aspects of Internal Audit's operation and management.

- 7.2 The Internal Audit Team is currently not compliant with the PSIAS and is working to achieve this.

- 7.2 A peer review was carried out in [March 2023](#), led by the LGA and using audit leads from other authorities with the intention of assisting the Internal Audit Service in preparation for an external quality review. A further follow-up review happened in [February 2024](#), and this demonstrated some further progress.

- 7.3 The Internal Audit Team is also engaging with BDO to prepare for an External Quality Assessment (EQA) which is required every five years.

- 7.4 New Global Internal Audit Standards have been issued and we expect there will be a Public Sector Version which will take effect from April 2025.

We will take these new developments into account as part of our ongoing assessment to make sure we are adopting the latest standards and best practice.

## Appendices

- A. Assurance Definitions used in the report
- B. Internal audit actions not implemented by due date.

### Appendix A: Assurance definitions: for information

Opinion	Descriptor
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

In applying the most appropriate level of opinion the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

### Internal control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management.

**System of internal control**

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

## Outstanding Audit Actions as at 22nd May 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1612	Small Works Contract 21.22 /3	A	Formal contract management monitoring arrangements will be established, including review of spend, spot checking procurements and routine liaison meetings with service users and the supplier.	30/11/2022	Medium term civils contract has been tendered and communicated to others. Contract monitoring will commence once a full month of expenditure is available.	21/05/2024	17
1652	Corporate Enforcement Policy 21.22 /4	A	Review and re-write the policy, where necessary, in collaboration with all users and so that the policy is relevant, correct and reflects the enforcement appetite. Policy needs to contain the new HDC objectives and ensure that it covers everything that the officers and portfolio holders need it to cover. The policy is due for review by February 2023	30/12/2023	The resources and capacity has not been available during 2023 to rewrite the Policy. The intention is that the policy will be approved ahead of the new financial year 24/25.	01/01/2024	5
1658	Shadow IT / Service-Procured Systems 21.22 /1	A	The Council's Procurement Lead should review and, where necessary, update the Council's Code of Procurement so that it establishes a requirement for the procurement of any service to include the involvement of all relevant stakeholders, including the procurement of any IT system requiring the involvement of the ICT Service. This should be approved, in consultation with various key stakeholders across the Council, communicated to members of staff and reviewed on a routine basis or following any significant changes to the Council's operations.	31/03/2023	Draft changes have been made to the CoP and waiting for authorisation.	04/01/2024	14

Outstanding Audit Actions as at 22nd May 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1668	Data Protection/Information Mgt REPLACEMENT ACTION	A	Review the data holdings, indexing, and deletion routines within Anite/Information@Work system. Implement these arrangements, and submit a budget bid or plan outlining the steps to enable us to delete unnecessary historic records.	30/04/2024	1. Steps taken are: <ul style="list-style-type: none"> <li>a. Successful bid made to Ideas Process</li> <li>b. Secured dedicated resource to conduct investigations to confirm whether this remains a risk</li> <li>c. Extensive fieldwork done with services, application support, Information Governance (IG) and the supplier of the software. We have also conducted external benchmarking to see if this risk exists with other Councils and confirmed it does.</li> <li>d. Confirmed that we need to improve our use of the retention modules. We have looked at a number of options (tolerate/manual deletion/automation via AI/use of existing deletion modules)</li> <li>e. Further allocation of time and budget to get the supplier in to conduct an assessment of the ability of the software to schedule deletions</li> <li>f. Supplier resources are being identified, they have escalated within their company - and we expect them on site in June</li> <li>g. From that we intend to be in a position to report back to the IG Board and SLT. It may be that an MTFS bid is needed, this will be confirmed once we are clearer on the ability of the software to meet our requirements.</li> </ul>	22/05/2024	1

Outstanding Audit Actions as at 22nd May 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1669	Section 106 Agreements 21.22 Action 1	A	To commence a review of S106 priorities, processes, roles, responsibilities, governance, reporting and resourcing to ensure HDC are maximising the use of S106. The outcomes of the review and subsequent actions will be agreed by CLT. Recognising the intrinsic link with decision making this will need to be part of the programme of wider improvements to the delivery of the development management service.  Implementation will be overseen by the Chief Planning Officer who will be supported in delivery by the Implementation Team Leader and other officers as appropriate.	31/10/2023	Previous update still valid. Action part 1 completed by 31 October deadline. But progress now halted due to vacant programme manager post. Tasks are being completed where possible within existing resource apabilities.	12/03/2024	7
1672	Social Value in Procurement 22.23 Action 2	A	The Council's Social Value Policy and Framework document will be reviewed and updated to ensure it reflects existing corporate aims and values, and also is aligned with the decisions made as a result of the Business Case document. The policy will clarify coverage of Social Value in procurement, including minimum points available for in tender assessment, and contracting documentation. Any related documentation and templates will be updated as a result of the revised policy.	30/09/2023	Additional resource approved to develop the Social Value Procurement policy. Recruitment to commence May 2024	21/05/2024	8
1673	Social Value in Procurement 22.23 Action 3	A	An action plan will be devised to support the introduction of contract management processes which are proportionate to the nature and value of procurement exercises undertaken, and which address social value obligations where relevant.	30/09/2023	Additional resource approved to implement this action. Recruitment will commence May 2024.	21/05/2024	8
1674	Social Value in Procurement 22.23 Action 4	A	Social Value guidance, information and signposting will be shared with local businesses through existing engagement channels, forums and networks accessed by the Economic Development (ED) team. (ED to circulate on provision from Procurement Lead)	30/09/2023	News feature in the Economic Development newsletter dated 21.9.23 included the above event. This will remain in the ED newsletter until the date of the event. See attached pdf extract of the newsletter.	16/11/2023	8

Outstanding Audit Actions as at 22nd May 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1675	Social Value in Procurement 22.23 Action 5	A	A series of Lunch and Learn sessions, covering key aspects of social value, contracting and procurement will be developed and delivered. Training will be supported by signposting to key documents / sources of information.	30/04/2023	Procurement have adapted SV questions in tendering documents to bespoke more to the specific contract. How this is monitored throughout the life of a contract is still to be determined, but this will form part of further contract management training.	04/01/2024	13
1678	Fuel Usage and Payments 22.23 Action 2	A	Once the decision on fuel has been made, the fuel contract will be re-let and listed in the contracts register to allow for corporate oversight by the Procurement Lead.	30/09/2023	HVO trial is still going, the fuel is almost out now, once that has finished we will revert to Fossil Diesel and then prepare the report for cabinet. Should be out in a couple of weeks.	21/05/2024	8
1680	Fuel Usage and Payments 22.23 Action 4	A	The need for the spare 50,000 litre tank will be reviewed in terms of cost and value, and the decision to continue or otherwise made at SLT. It will be made clear to SLT that only limited controls can be applied to this part of the fuel supply.	30/09/2023	This is tied into the HVO Trial, we are currently using this tank for delivery of HVO. Project expected to complete in Early June-24 with a view on whether we use HVO or Fossil diesel to be taken by SLT / Cabinet roughly Jul-24. The outcome of this will determine the need for a second tank.	21/05/2024	8
1690	Debtors Continuous Auditing 22.23 / 1	A	Review and update the Debt Management Policy. Obtain appropriate approval of the revised policy.	30/06/2023	The Director of Finance & Corporate Resources has agreed to draft this policy and to present it for approval.	05/03/2024	11
1709	Risk Management 22.23 / 1b	R	Training to be rolled out to staff	31/03/2024	Approval for Interim Risk Manager to be recruited to develop and implement training programme for staff. Recruitment to commence May 2024.	21/05/2024	2
1710	Risk Management 22.23 / 1c	R	Completion of training required by strategy subject to oversight/monitoring	30/04/2024	Completion of this action is linked to the completion of action 1609 and therefore cannot commence at this stage.	21/05/2024	1
1712	Risk Management 22.23 / 2b	R	Strategy should identify who is responsible for the reporting and formalise what reporting will take place.	31/03/2024	Interim Risk Manager resource approved to lead of the implementation of this action. Recruitment to commence in May 2024.	21/05/2024	2



**Public**  
**Key Decision – No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Internal Audit Plan and Charter 2024/25

**Meeting/Date:** Corporate Governance Committee – 29<sup>th</sup> May 2024

**Executive Portfolio:** Executive Councillor for Customer Services, Councillor Stephen Ferguson

**Report by:** Karen Sutton, Director of Finance and Corporate Resources

**Ward(s) affected:** All Wards

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### **Executive Summary:**

The Committee has responsibility under its terms of reference for ensuring the Council undertakes effective internal audits to evaluate the effectiveness of its risk management, control and governance processes alongside the Public Sector Internal Audit Standards (PSIAS).

The plan, based on a list of assurance activities, has been prepared showing areas where audit activity is planned. This considers services where internal audit activities were either deferred from last year's plan or were unable to be completed, areas of risk highlighted in the organisation's risk registers and the mitigating actions put in place to control these, and areas of statutory review. In addition, the plan fully links back to the organisation's Corporate Plan and the respective declared risk in the risk register and their associated risk scores. This means, should new areas of risk emerge, their respective scores can be assessed against the plan and the plan adjusted to allow for higher-priority reviews to be included.

A capacity review of the Internal Audit team was undertaken, and the plan linked to the outputs of this. This is based upon the current team establishment and the use of BDO LLP for ICT audits.

The Internal Audit Charter establishes the framework within which Huntingdonshire District Council's (HDC) Internal Audit Service operates to best serve the Council and to meet its professional obligations under applicable professional standards. It defines the purpose, authority and responsibility of internal audit activity, establishes the Internal Audit Service's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Following the recommendations from the LGA Peer Challenge review, the Charter has been reviewed in line with the recommendations of CIPFA and PSIAA and is attached at Appendix 2 for approval.

## **RECOMMENDED**

It is recommended the Corporate Governance Committee:

- Reviews and approves the Internal Audit Plan.
- Review and approves the Internal audit Charter.
- Agrees that changes can be made to the Internal Audit Plan following consultation between the Internal Audit Manager, S.151 officer and the Chairman of Corporate Governance Committee.

## **1. PURPOSE OF THE REPORT**

- 1.1 To recommend to the Committee that the Internal Audit (IA) Plan for 2024/25 be approved.

## **2. BACKGROUND**

- 2.1 The Accounts and Audit Regulations 2015 require that the Council ‘...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS) or guidance’
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require Internal Audit to “establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisations goals”. The risk-based plan must also:
- take into account the requirement to produce an annual internal audit opinion.
  - incorporate a strategic high-level statement of how the internal audit service will be delivered and developed and how it links to the Council’s objectives and priorities.
  - explain how internal audit’s resource requirements have been assessed; and
  - include the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 2.3 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. Once the Risk Register update has been completed, it will be used to influence and feed the Audit Plan to ensure that the reviews are both risk-based and support corporate objectives.
- 2.4 Furthermore, Internal Audit must review and recommend adjustments to the plan as necessary, in responses to changes in risks, operations, programs, systems, and controls.

### **Internal Audit Plan**

- 2.5 The audit plan should not be a static document, produced only once a year. It needs to be able to reflect the changing risk and control environment. There has always been a need to advance, defer, add or remove audit reviews throughout the year. It is proposed that a more flexible planning approach is used.
- 2.6 A flexible risk-based Audit plan allows for audit reviews to be moved up or down based on a revised assessment of risk and importance to the Council.
- 2.7 Changes to the internal audit plan will be agreed by the Head of Internal Audit after consultation with the S151 Officer and the Chair of the Corporate Governance Committee. They will also be reported to Committee.
- 2.8 The Audit Plan for 2024/25 is attached at Appendix 1. The plan, based on a list of assurance activities, has been prepared showing areas where audit activity is planned. This considers services where internal audit activities were either deferred

from last year's plan or were unable to be completed, areas of risk highlighted in the organisation's risk registers and the mitigating actions put in place to control these, and areas of statutory review.

- 2.9 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that its major business risks are being managed appropriately, along with providing assurance over the system of internal control, governance and risk management processes. It considers governance measures already in place and seeks to complement and duplicate these.
- 2.10 Risk-based internal audit planning starts with the Council's Corporate Plan, linking through to the priority areas and related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of those objectives. The approach also focuses on the upcoming projects and developments for the Council.
- 2.11 The approach ensures better and earlier identification of risks and increased ability to control them. The key distinction with establishing plans derived from a risk-based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 2.12 The plan has been prepared after considering the aims and priorities of the Corporate Plan, the risks identified through the risk register and their respective scores and the concerns highlighted through the Annual Governance statement.

#### **Internal Audit staffing/resourcing**

- 2.13 The internal audit provision is through a small team of directly employed staff, supported by external resources where specific technical expertise and knowledge is required, e.g., ICT reviews.

The current ICT expertise is provided by BDO LLP (BDO). The contractual arrangement allows for BDO to also provide general internal audit services to the Council where needed.

An internal capacity review was undertaken for the current internal audit team and the proposed plan aligned to the outputs of this.

#### **Internal Audit Charter**

- 2.14 The Internal Audit Charter establishes the framework within which Huntingdonshire District Council's (HDC) Internal Audit Service operates to best serve the Council and to meet its professional obligations under applicable professional standards. It defines the purpose, authority and responsibility of internal audit activity, establishes the Internal Audit Service's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 2.15 It is usual practice for the Internal Audit Charter to be presented for review and approval alongside the new Internal Audit Plan. Following the LGA Peer review of Internal Audit, the Charter has been redrafted in line with the recommendations of CIPFA and PSIAS and is attached at Appendix 2 for approval.

## **Other sources of assurance**

- 2.16 The PSIAS requires that the audit plan planning process takes into account other sources of assurance that will be available during the year. Managers have been requested to provide details of any independent reviews from which assurance could be obtained to avoid/minimise duplication of effort. These external or third-party assurances are captured and used to support the audit opinion. It is intended that internal sources of assurance will also be used, for example, where the service has undertaken a self-assessment. Whilst this does not allow for the same level of independence as an external source it is still considered valuable source of assurance that can be used to assist the audit process.

## **3. RISKS**

- 3.1 Non-delivery of the internal audit plan, or not undertaking sufficient work across the Council's control environment (the framework of governance, risk management and internal control) may affect the ability of the Internal Audit Manager to provide the Committee with a robust annual internal audit opinion.

## **4. LINK TO THE CORPORATE PLAN**

- 4.1 The Internal Audit Service through the audit plan contributes Priority 3 of the Corporate plan:

*Delivering good quality, high value-for-money services with good control and compliance with statutory obligations.*

Specifically, it supports the organisation by undertaking reviews providing assurance that:

- significant risks identified in the risk register are managed effectively,
- laws and regulations are being met,
- business and financial processes and systems are managed effectively and
- assets are safeguarded.

It also improves the performance of the Council by assessing current risks, considering emerging risks, identifying efficiency gains and process improvements.

## **5. CONSULTATION**

Members of Internal Audit, Senior Leadership Team and the wider governance team have been given the opportunity to input to the proposed plan.

## **6. LEGAL**

The Accounts and Audit Regulations 2015 require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account PSIAS.

## **7. RESOURCE IMPLICATIONS**

- 7.1 The audit plan has been assessed against the Internal Audit capacity plan which is based upon the approved establishment for 2024/25.

7.2 It is essential that the Internal Audit Plan is duly flexible to address changes in the risk horizon for the organisation. Therefore, it is there should be appropriate delegation to the Internal Audit Manager to permit such changes, in consultation with the S.151 Officer and Chairman of Corporate Governance Committee, and these changes reported to the Committee.

## **8. REASONS FOR THE RECOMMENDED DECISIONS**

8.1 The Committee's terms of reference require it to consider and approve the Internal Audit Plan and Internal Audit Charter.

## **9. LIST OF APPENDICES INCLUDED**

Appendix 1 - Internal Audit Plan 2024/25.  
Appendix 2 – Internal Audit Charter

## **BACKGROUND PAPERS**

Public Sector Internal Audit Standards  
HDC Risk Register  
Record of other assurances

## **CONTACT OFFICER**

Name/Job Title: Karen Sutton, Director of Finance and Corporate Resources  
Email: [Karen.Sutton@huntingdonshire.gov.uk](mailto:Karen.Sutton@huntingdonshire.gov.uk)

**INTERNAL AUDIT - PLAN 2024/25**

Ref	Audit Area	Council Priority	Risk Register Context	Inherent score	Residual Score	Rational for Plan	Estimated days	SLT RO
<b>Audits removed from 2023/24 plan:</b>								
#1	<b>Risk Management, implementation of strategy &amp; follow up of previous actions</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	299 - Insufficient Risk Management hampers organisation's effectiveness	12	9	Organisation has implemented a new Risk Management Strategy to aid the effective management of risk in the organisation and the review is to assess the organisation's deployment and knowledge of the strategy.	15	Director of Finance & Corporate Resources
#2	<b>Minor works follow up - now Medium Term Civils Contract procurement</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	279 - Non Adherence and failure to follow agreed procurement policies and processes	12	6	Follow up of previous audit actions that identified a contract had expired but was still being used - procurement activities, roll out across organisation & contract management	15	Director of Finance & Corporate Resources
<b>Audits carried forward from 2023/24 plan:</b>								
#3	<b>Budget Management; financial sustainability</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	288 - Financial strain and uncertainty impacting service delivery	16	9	Financial sustainability is critical and so great reliance is placed upon those responsible for budgetary control and management. The review will seek to ensure that all officers involved in the system (decision takers, finance officers, budget holders, and those holding them to account/challenge) are all suitably trained and aware of process responsibilities.	12	Director of Finance & Corporate Resources
#4	<b>Corporate Governance - Scheme of delegations</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	343 - Resource and Process Deficiencies: Hindrance to Council Objectives	8	6	Assurance task linked to validation of Annual Governance Statement.  Review of sample of decisions made in year (staffing, financial and constitutional) to evidence the scheme of delegation in the Constitution was complied with.	8	Monitoring Officer
#5	<b>Partnership working</b>	Priority 1: Improving quality of life for local people: Improving the happiness and wellbeing of residents	308 - Public Sector Partnership Risk: financial burdens and delivery impact	15	12	1) What governance exists for choosing partners and how are these partnerships managed? Nominated managers, regular reviews, defined outputs, where are outcomes reported to?  2) Select a small number of existing partnerships, how were these selected and approved? What policies were followed?	20	Corporate Director - People
#6	<b>Development Management</b>	Priority 2: Creating a better Huntingdonshire for future generations	290 - Unplanned growth due to ineffective sustainable development planning.  296 - Inadequate 5-Year Housing Land Supply Due to Outdated Local Plan	12	8	Verify project plan in place for review of Local Plan, engagement with members is evidenced, review annual monitoring on five year land supply and accuracy of data.	12	Corporate Director - Place

**INTERNAL AUDIT - PLAN 2024/25**

Ref	Audit Area	Council Priority	Risk Register Context	Inherent score	Residual Score	Rational for Plan	Estimated days	SLT RO
#7	Home Improvement Agency	Priority 1: Improving quality of life for local people: Improving the happiness and wellbeing of residents	309 - Public Sector Pressures Risk: Financial Impact on Council	16	12	Risk mitigation is "Active engagement with both health and public health agencies to develop shared priorities and interventions".  The Internal Audit will consider how the arrangements with the Home Improvement Agency are working, how the agreements outcome are managed, whether they are providing best value for the Council and if decision making is in line with HDC's policies.	12	Corporate Director - People
<b>Proposed new audits:</b>								
#8	Operations, vehicle maintenance processes	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	327 - Vehicle Maintenance Staff retirement	15	3	Ensure records for service continuity exist, are kept updated and reviewed to enable service to continue without disruption	15	Corporate Director - People
#9	All services, contract management	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	280 - Failure to effectively manage contracts	9	4	Review a selection of contracts across various services that have been procured in 2023/24 and review how these are being monitored and managed by service managers.	20	Director of Finance & Corporate Resources
#10	Data Quality Standard Compliance	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	262 -Data Quality Standard Compliance	9	3	Lack of compliance with Data Quality Strategy leading to a potential for wrong decisions being made based on inaccurate information.	15	Chief Operating Officer
#11	One Leisure, pool operation records	Priority 1: Improving quality of life for local people: Improving the happiness and wellbeing of residents	328 - Mixing of pool chemicals resulting in serious injury or death to one or more people	12	8	Review of all processes and controls linked to safe operation of pools.	15	Head of Leisure & Health
#12	Review of asset management records, HDC properties	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	186 - Failure to maintain Council's assets , results in assets not fit for purpose and/or possible accidental injury to users/occupiers.	16	6	Ensure all records meet statutory requirements.  This should include H&S records for water hygiene, asbestos etc	15	Director of Finance & Corporate Resources
#13	Review of commercial estates rent review processes and invoicing	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	288 - Financial strain and uncertainty impacting service delivery	16	8	Strategic priority to carefully consider expenditure for non-statutory services and maximise income for commercial interests.	15	Director of Finance & Corporate Resources
#14	DFG Grant verification					Annual need	3	Chief Operating Officer
#15	Green bin implementation & transfer to BAU operations	Priority 2: Creating a better Huntingdonshire for future generations	Project risk - £2m/annum income stream	15	5	High value service, will this continue to operate effectively and in line with controls once it's transferred to normal service. Verification of project to business as usual transfer plans, identification of process and control owners going forward, process notes	15	Corporate Director - People



**INTERNAL AUDIT - PLAN 2024/25**

Ref	Audit Area	Council Priority	Risk Register Context	Inherent score	Residual Score	Rational for Plan	Estimated days	SLT RO
#16	<b>Green credentials on projects already implemented</b>	Priority 2: Creating a better Huntingdonshire for future generations	307 - Environmental Sustainability Risk: Challenges to Area Attraction	9	9	The Council is investing consider resources into reducing its negative impact upon the environment; how are the returns on these investments being captured, verified and reported. What happens where projects are not achieving the expected outcomes?	15	Corporate Director - Place
#17	<b>Code of procurement</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	279 - Non Adherence and failure to follow agreed procurement policies and processes	12	6	Consider an extract of annual spend by supplier from TechOne. Select a sample of suppliers across multiple delegated spend levels and consider the procurement process followed.	15	Director of Finance & Corporate Resources
#18	<b>Facilities Maintenance &amp; ICT</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	177 - Power loss to main server rooms causes significant failure or loss of IT systems including telephony, data systems, software and hardware.	16	6	Review of physical infrastructure e.g., emergency generator, processes and regular checks undertaken to ensure these key resources remain effective.	15	Director of Finance & Corporate Resources
#19	<b>Key Controls - Internal Board assurance</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	343 - Resource and Process Deficiencies: Hindrance to Council Objectives	4	3	Review of board functions against agreed ToR, follow up of action completions, demonstration of effective governance and challenge.	12	Monitoring Officer
<b>ICT AREAS</b>								
#20	<b>Critical Applications Security</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	301 - Cybersecurity Risk: Growing Threat Landscape and Vulnerabilities	20	15	Audit commenced in 2023/24 by BDO.	15	Chief Operating Officer
#21	<b>Follow ups, previous ICT actions</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	339 - Major ICT Failure Risk: Disruption to Council Operations	12	9	<b>Carry forward from 2023/24 plan</b> - review of a sample of previous ICT audit findings to validate if the actions were still in place and were effective.	7	Chief Operating Officer
#22	<b>Immutable Back ups</b>	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	339 - Major ICT Failure Risk: Disruption to Council Operations	12	9	<b>Carry forward from 2023/24 plan</b> - The immutable backups were put in 2022/23. ICT had an independent audit to ensure that backups were separated enough from our network that should there be a cyber incident the immutable backups would not be impacted.  No audit was undertaken of the processes for recovery, schedule for testing authenticity of backups and independent storage of username & passwords. ICT Management has suggested they need to ensure that we have all this in place to provide assurance that the data is protected and can be recovered when required.	8	Chief Operating Officer

INTERNAL AUDIT - PLAN 2024/25

Ref	Audit Area	Council Priority	Risk Register Context	Inherent score	Residual Score	Rational for Plan	Estimated days	SLT RO
#23	IT Governance & Strategy	Priority 3: Delivering good quality, high value-for money services with good control and compliance with statutory obligations	340 - Information Breach Risk: Weakness in Data Security	12	9	<p>Carry forward from 2023/24 plan - Review of Information Governance arrangements, including policies, with focus on in service arrangements.</p> <p>Review of training, education and support provided for all staff (perm, FTC, contractors, agency) to mitigate the risk.</p>	15	Chief Operating Officer

## Internal Audit Charter

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
1.0	Karen Sutton	17 <sup>th</sup> April 2024	

Policy Name:	Internal Audit Charter
Post Responsible:	Internal Audit Manager
Date approved/adopted:	
Approved by:	Corporate Governance Committee
Review date:	March 2025

## **1 Introduction**

- 1.1. This charter establishes the framework within which Huntingdonshire District Council's (HDC) Internal Audit Service operates to best serve the Council and to meet its professional obligations under applicable professional standards. It defines the purpose, authority and responsibility of internal audit activity, establishes the Internal Audit Service's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 1.2. It will be subject to periodic review by the Head of Service – Internal Audit ('Head of Internal Audit') and presented to the Corporate Governance Committee for approval.

## **2. Relevant regulations and interpretation**

- 2.1. The requirement for an internal audit function in local government is set out in the Accounts and Audit Regulations 2015 ('the Regulations'). "Internal audit: A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

*Regulation 5. (1)*

*Accounts and Audit Regulations 2015*

- 2.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) is the relevant standard setter for internal audit in local government in the United Kingdom. CIPFA has published Public Sector Internal Audit Standards ('PSIAS'), which encompass the mission of Internal Audit and the mandatory elements of the Global Institute of Internal Auditors' International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). These documents are therefore mandatory for internal audit in local government in the United Kingdom, and they are supplemented within PSIAS by additional public sector interpretation and guidance. CIPFA has also published a Local Government Advisory Note setting out sector-specific requirements for local government within the United Kingdom.
- 2.3. HDC's Internal Audit Service therefore operates in accordance with this mandatory definition, code, standards and advice.
- 2.4. Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". In its Statement on the Role of the Chief Financial Officer in Local Government CIPFA has defined 'proper administration' as including compliance with the statutory requirements for accounting and internal audit. It also requires the chief executive and director of resources (S151) to ensure an effective internal audit function is resourced and maintained.

## **3. Definitions**

- 3.1. Both the Global Institute of Internal Auditors and PSIAS set out the following definition of internal auditing:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

*Global Institute of Internal Auditors, and*

*Public Sector Internal Audit Standards, 2017*

3.2. The Global Institute of Internal Auditors and PSIAS also refer to the 'board' and 'senior management' and PSIAS recognises that these terms need to be interpreted in the context of the Council's own governance arrangements.

3.3. PSIAS defines the board as:

"The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. [...] 'Board' may refer to an audit committee to which the governing body has delegated certain functions."

*Public Sector Internal Audit Standards, 2017*

3.4. Within HDC the board is defined as the Corporate Governance Committee.

3.5. Senior management is defined as the Council's Senior Leadership Team (SLT). This comprises:

- Chief Executive,
- Corporate Director for People,
- Corporate Director for Place,
- Director of Finance and Corporate Resources (S151),
- Chief Operating Officer
- Assistant Director (Strategic Insights and Delivery).

3.6. PSIAS also refers to the 'chief audit executive' who, at HDC, is deemed to be the Head of Internal Audit.

#### **4. Responsibilities**

4.1. The regulations set out that HDC must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

4.2. It is the role of the Internal Audit Service to provide independent assurance that these risk management, control and governance processes are adequately designed and effectively operated. PSIAS makes clear that the provision of this assurance is internal audit's primary role and that this requires the Head of Internal Audit to provide an annual opinion based on an objective assessment of the framework of governance, risk management and control.

4.3. This assessment will be supported by the identification, analysis, evaluation and documentation of sufficient information on each individual audit assignment, and the completion of sufficient assignments to support an overall opinion for the

organisation as a whole. The scope of internal audit's work therefore encompasses all of the Council's functions and services and all of its activities.

- 4.4. The requirement to be independent and objective means that the Internal Audit Service cannot assume management responsibility for risk management, control or governance processes. However, the Internal Audit Service may support management by providing consultancy services. These are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control. They will also contribute to the overall assurance opinion.
- 4.5. Accountability for responses to the Internal Audit Service's advice and recommendations for action lies with the Council's managers, who either accept and implement the advice or accept the risks associated with not taking action. Advice, including where the Internal Audit Service has been consulted about significant changes to internal control systems, is given without prejudice to the right of the Internal Audit Service to review and recommend further action on the relevant policies, procedures, controls and operations at a later date.
- 4.6. The Head of Internal Audit will provide an annual report incorporating an overall opinion, a summary of the work that supports that opinion, a statement of conformity with PSIAS, and the results of the quality assurance and improvement programme.
- 4.7. A note of the responsibilities of SLT ('senior management') and the Corporate Governance Committee ('the board') in relation to the internal audit function are set out in the appendix to this charter. The Internal Audit Service's responsibilities are set out in PSIAS, and these are supported by detailed operational policies and procedures that are regularly reviewed and updated as necessary.

## **5. Independence, objectivity and integrity**

- 5.1. The Internal Audit Service remains independent of the Council's other functions and, with the exception of its support to management in relation to counter fraud and investigatory work, no member of the Internal Audit Service has any executive or operational responsibilities. Auditors are expected to deploy impartial and objective professional judgement in all their work, whether on audit work or investigations.
- 5.2. The Internal Audit Service's work programme and priorities are determined in consultation SLT and the Corporate Governance Committee, but remain a decision for the Head of Internal Audit. The Head of Internal Audit has direct access to and freedom to report in their own name and without fear or favour to all officers and members, and specifically the Corporate Governance Committee. They have the formal opportunity prior to each committee meeting to meet with the chair and deputy chair of the Corporate Governance Committee.
- 5.3. The independence of the Head of Internal Audit is further safeguarded by ensuring that their remuneration and performance assessment are not inappropriately influenced by those subjects to audit.
- 5.4. All auditors make an annual declaration of their interests and update this during the year as necessary, and where any auditor has a real or perceived conflict of interest this is managed to maintain the operational independence of the service as a whole. If independence or objectivity are impaired in fact or appearance, then the nature of the impairment is disclosed as appropriate. The Head of Internal Audit makes an annual declaration that the internal audit function is operationally independent.

5.5. All auditors also make an annual declaration that they have read and are aware of the obligations placed on them by the Public Sector Internal Audit Standards and, specifically the Code of Ethics. They each acknowledge that they must adhere to the Code of Ethics and demonstrate integrity, objectivity, competence and confidentiality in the discharge of all their duties.

## **6. Reporting lines and relationships**

- 6.1. The Head of Internal Audit reports functionally to the Corporate Governance Committee and organisationally to the Director of Finance and Corporate Resources, who is the Council's Finance Officer under s.151 of the Local Government Act, 1972. They have direct access to the Council's Chief Executive.
- 6.2. The Head of Internal Audit has, in addition, regular access to the chair of the Corporate Governance Committee which normally meets at least six times each year, and the Head of Internal Audit reports to each meeting of that committee under its terms of reference. The Corporate Governance Committee is responsible for approving the annual audit plan.
- 6.3. The Head of Internal Audit, the Internal Audit Service as a whole, and HDC adhere to the requirements of CIPFA's Statement on the Role of the Head of Internal Audit.
- 6.4. The Internal Audit Service works with the Council's external auditor, and other review bodies as necessary, to provide an efficient and effective approach to audit and inspection, which is intended to deliver effective performance and avoid any duplication of work.

## **7. Access to information**

- 7.1. The Internal Audit Service has the right of unrestricted and direct access to the Council's records however held, its assets, premises and officers. In entering into partnership arrangements with external organisations the Council ensures that the same rights of audit access apply to partners' records, assets, premises and officers. The Internal Audit Service has the authority to obtain all such information and explanations as it considers necessary to fulfil its responsibilities.
- 7.2. Internal auditors respect the value and ownership of information they receive and the reports they produce, and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. They are prudent in the use and protection of information acquired in the course of their duties and shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the Council's legitimate and ethical objectives.

## **8. Internal audit resources**

- 8.1. HDC has taken the strategic decision to provide its internal audit service largely in-house and is committed to providing a service that meets the best quality standards. However, the Council has decided that, to meet the requirement that assignments are performed with proficiency and due professional care, it will obtain additional support where specialist knowledge is required. This is obtained specifically in respect of assurance over the Council's information technology management and control systems.

- 8.2. The Chief Executive and Director of Finance and Corporate Resources ensures that internal audit resources are sufficient to meet its responsibilities and achieve its objectives. If the Head of Internal Audit or the Corporate Governance Committee considers that the level of audit resources in any way limits the scope of internal audit or prejudices the ability of the Internal Audit Service to deliver a service consistent with its statutory and related requirements, they will advise the Council accordingly.
- 8.3. Nonetheless, the Internal Audit Service has finite resources and its workforce is therefore deployed to meet an annual audit plan that pays regard to the relative risks accepted, and levels of assurance required, by HDC.

## **9. Competency**

- 9.1. The Head of Internal Audit and audit managers are required to hold appropriate professional audit qualifications. These are defined as full membership of one of the institutes of the Consultative Committee of Accountancy Bodies or professional membership of the Chartered Institute of Internal Auditors. It is expected that senior auditors will either hold or be close to and actively working towards full professional qualification but, exceptionally, they may be qualified by experience at a demonstrably professional level.
- 9.2. The Council's performance and development opportunities are applicable to all staff within the Internal Audit Service, which supports continuous staff performance appraisal and development.

## **10. Quality assurance and improvement**

- 10.1. The Head of Internal Audit operates a quality assurance and improvement programme that both monitors the on-going performance of internal audit activity and periodically assesses the Internal Audit Service's compliance with PSIAS. This includes both internal and external assessments and is set out in a separate quality assurance and improvement programme.
- 10.2. The results of the quality assurance and improvement programme including any areas of non-conformance with PSIAS are reported annually to SLT and the Corporate Governance Committee. This report will include information regarding:
- The scope and frequency of both the internal and external assessments.
  - The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
  - Conclusions of assessors.

## **11. Corrective action plans. Non-audit work: investigations and counter-fraud services**

- 11.1. PSIAS recognises that the Internal Audit Service may go beyond the work needed to meet its assurance responsibilities and provide services to support management, including consultancy services and or investigating suspected fraud or corruption. Such services apply the professional skills of internal audit and contribute to the overall assurance opinion.
- 11.2. the Internal Audit service will work with other teams as part of the Council's approach to combating and responding to financial crime. This will include but is not limited to receiving, recording and reporting to the Corporate Governance Committee the whistle-blowing allegations received, and assisting the Council's



participation in data matching exercises including the National Fraud Initiative, which matches data from the Council's information systems with information held by other bodies to identify potentially fraudulent activity.

- 11.3. The Internal Audit Service is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is management's responsibility. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud and corruption may have occurred. Internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.
- 11.4. The Head of Internal Audit should be informed of all suspected or detected financial crime including fraud, corruption or impropriety and will consider the implications for their opinion on the adequacy and effectiveness of the relevant controls, and the overall internal control environment.

## **Responsibilities in relation to the internal audit function**

### **The Council's Senior Management Team ('senior management')**

The Senior Management Team will:

- 1) Consider, and contribute to the development of the risk-based internal audit plan, supporting its completion within the organisation;
- 2) Make appropriate enquiries to determine whether there are inappropriate scope and/ or resource limitations to the internal audit function;
- 3) Consider the scope of the external assessment, and internal quality assurance and improvement programme, and receive and consider the results of both, including areas of non-conformance with PSIAS.

### **The Corporate Governance Committee ('the board')**

The Corporate Governance Committee will:

- 1) Approve the internal audit charter.
- 2) Approve the risk-based internal audit plan, including the Internal Audit Service's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 3) Approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 4) Make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 5) Consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.  
These will include:
  - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - b) Regular reports on the results of the quality assurance and improvement programme.
  - c) Reports on instances where the Internal Audit Service does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.
- 6) Consider the Head of Internal Audit's annual report:
  - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement.
  - b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion, which will assist the committee in reviewing the annual governance statement.
- 7) Consider summaries of specific internal audit reports as requested.
- 8) Receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
- 9) Contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 10) Support the development of effective communication with the Head of Internal Audit.
- 11) Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Corporate Risk Register

**Meeting/Date:** 29<sup>th</sup> May 2024

**Executive Portfolio:** Stephen Ferguson, Executive Councillor for Customer Services

**Report by:** Karen Sutton, Director of Finance & Corporate Resources

**Ward(s) affected:** All or list individual Ward(s)

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### **Executive Summary:**

The Committee has requested the latest version of the Corporate Risk Register be presented at each Committee meeting.

### **Recommendation(s):**

The Cabinet/Committee is

### **RECOMMENDED**

To consider the report, the risks to the organisation and if these are being managed in line with the Risk Management Strategy.

## **1. PURPOSE OF THE REPORT**

- 1.1 To inform the Committee of the Corporate Risk Register.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 Effective Risk Management is a critical part of the organisation's governance. The Risk Register identifies those areas where the Council should take action to mitigate its exposure and informs the annual plan for Internal Audit. More information on this can be found in the Council's Risk Management Strategy.

The Committee requested that the Corporate Risk Register be presented at each meeting.

## **3. REASONS FOR THE RECOMMENDED DECISIONS**

- 3.1 The Committee is asked to consider the report, the risks to the organisation, and if these are being managed in line with the Risk Management Strategy to demonstrate its effectiveness.

## **4. LIST OF APPENDICES INCLUDED**

Appendix 1 – Corporate Risk Register – May 2024  
Appendix 2 – Heat map of Corporate Risks  
Appendix 3 – Explanation of Risk Register terms

## **CONTACT OFFICER**

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Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Financial and Resources	288	Financial strain and uncertainty impacting service delivery	<p>CAUSE: Unprecedented impacts from Covid and Brexit, challenging accurate forecasting of potential shifts in consumer and business behaviour and income projections.</p> <p>EVENT: insufficient resources to make necessary decisions, hindering appropriate planning</p> <p>EFFECT: Fluctuations in income, necessitating a responsive approach to potential reductions of incre</p>	L = 4   = 4 Very High (16)	<p>Strategic focus on value for money, cost control and income maximisation. Strategic priority to carefully consider expenditure for non-statutory services and maximise income for commercial interests. - Move from net budget reporting to a focus on income and expenditure separately. Regular budget monitoring and escalation is a key control measure.</p> <p>In year this includes an in principal decision to charge for garden waste, and a robust focus on income and numbers in one leisure service plan, alongside the continued commercialisation of traded services such as CCTV, trade waste and the development of new traded services is key. Consider ways of delivering services in more effective</p> <p>Timely monitoring and escalation of variances against income forecasts, for corrective action to budget holders, with appropriate oversight by SLT. That we recognise and respond to the risk of Covid changing behaviours, as well as broader macro economic threats of people having less ability to pay. Better marketing and understanding of consumer priorities to protect and grow income streams.</p>	L = 2   = 4 High (8)	Regular reporting to SLT, and timely forecasting to service managers.
**Corporate Risks**	Financial and Resources	289	Increased demand straining council finances	<p>CAUSE: Growing population from housing growth, impacts of an ageing population, economic pressures (inflation, cost of living), and broader effects of covid and brexit.</p> <p>EVENT: Strain on revenue budget, risking overspend, requiring additional resources, or necessitating a reduction in performance standards to manage the surge in demand.</p> <p>EFFECT: Increased strain on the Council's revenue budget.</p>	L = 3   = 5 Very High (15)	<p>Service planning, monitoring of development activity, active management of demand and the prompt escalation of deviations from the predicted norm.</p> <p>To actively track key risk and high cost services through our refreshed performance management process enabling prompt action to be taken. To actively seek to redesign this via resourcing and leading a key change programme which reviews the way we support residents in need across a range of local providers - Financial vulnerability project. This will see us work with partners to review and define working, particularly around financial distress. Seeking to develop more holistic support which address root causes and prevent issues escalating. Climate Change Strategy Action Plan. Challenge our partners to demonstrate they are tackling these risks in an effective manner to mitigate the risk implications for us.</p>	L = 3   = 4 High (12)	
**Corporate Risks**	Financial and Resources	345	Resource Shortage Risk: Hindrance to Housing Ambitions	<p>CAUSE: Council lacks sufficient resources to fulfill housing goals.</p> <p>EVENT: Inadequate resources to achieve the Council's housing plans.</p> <p>EFFECT: Struggle to meet housing targets, potential..</p>	L = 3   = 4 High (12)	<p>To seek opportunities for external funding, to support housing initiatives. To maintain the delivery of affordable properties as part of new developments. To bring forward an updated housing strategy.</p>	L = 3   = 3 High (9)	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Financial and Resources	348	Funding Gaps and Operational Disruptions: Impacts of National Policy Changes	<p>CAUSE: Introduction of new national policies lacking sufficient funding or disrupting council plans.</p> <p>EVENT: Implementation of new national policies affecting various aspects of council.</p> <p>EFFECT: Financial strain, potential disruptions in community services, challenges in achieving council goals, and the risk of legal issues for non-compliance with the introduced policies.</p>	L = 3   = 5 Very High (15)	"Actively monitoring government circulars, and being active members in Green paper consultations (either separately as a district or wider collaboration with CC and/or CPCA), participation in webinars, guidance updates, discussion groups on emerging policy. Working with politicians to lobby for agendas that have the greatest impact on us and take an active role to ensuring policy changes have the least negative or greatest positive impact for Hunts. Consider ways in which we can work jointly with partners to minimise the cost of administering these duties."	L = 3   = 4 High (12)	
**Corporate Risks**	Legal and Contractual	350	General Election 2025 - Legislative Changes Impact	<p>CAUSE: Potential disruption to program plans due to expected legislation changes being halted, delayed or altered.</p> <p>EVENT: General Election 2025 affecting legislative processes and outcomes.</p> <p>EFFECT: Significant impacts on HDC, potentially leading to disruptions, delays or changes in the implementation of program plans due to altered legislation.</p>	L = 3   = 3 High (9)		L = 3   = 3 High (9)	
Corporate Risks**	Financial and Resources	367	General Election 2025 - Local Government funding changes	<p>CAUSE: Outcome of the general election, due before early 2025, results in a change of government and a redistribution of Local Government Finance Settlement funding to other areas.</p> <p>EVENT: General election due before January 2025 resulting in change of government.</p> <p>EFFECT: Potential significant reduction in Local Government Finance Settlement, impacting service affordability for the Council and availability of resources</p>	L = 3   = 5 Very High (15)	<p>Prepare Medium Term Financial Plan on an annual basis.</p> <p>Further develop the Council's financial sustainability away from reliance on central government funding.</p> <p>Robust financial control to ensure the Council is delivering services at the most effective level.</p>	L = 3   = 3 High (9)	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Information and Technology	301	Cybersecurity Risk: Growing Threat Landscape and Vulnerabilities	<p>CAUSE: Surge in attempted cyber attacks, identification of high-profile vulnerabilities in our supply chain and integrated applications, and insufficient cybersecurity measures, staff awareness, and training.</p> <p>EVENT: Increasing reliance on technology amplifies the potential impact of a cyber attack on our ability to deliver services, leading to reputational damage, financial penalties, data breaches, and potential significant downtime with data loss or encryption.</p> <p>EFFECT: Substantial consequences on our business operations, including reputational damage, financial losses, potential data breaches, and significant downtime, potentially leading to data loss or encryption.CAUSE: Surge in attempted cyber attacks, identification of high-profile vulnerabilities in our supply chain and integrated applications, and insufficient cybersecurity measures, staff awareness, and..</p>	L = 4 I = 5 Very High (20)	<p>1. services to each develop and evidence (via review by ICT/HR and emergency planning) a sound Business Continuity Plan for continued operations in the event of a cyber event that results in a) total loss of all ICT for a period of 2-3 weeks. No laptops, no network, no local applications, no cloud applications, no printing, no mobile CA (just SMS and calls) b) minimal ICT (internet access, some cloud hosted applications and some laptops/printing for 2-3 months) c) longer term BCP for on site hosted applications being out of action for 6 months+ This is to include support services BCP for HR/Payroll (how will we pay staff and support them), Comms (how to plan for external comms around event)</p> <p>Expansion of ICT procurement advice to enforce mandatory minimum cyber requirement for new software. (Not just buy the incumbent providers option if they don't meet cyber requirements)</p> <p>Investment in dedicated cyber security team.</p> <p>Investment in SIEM monitoring software. which is providing additional monitoring and alerting capabilities.</p> <p>See ICT service plan - Work is being undertaken with DLUHC and the Cyber (security) Assessment Framework has progressed well and the new security monitoring solution has completed the installation phase has now moved to the configuration and implementation phases. Continued benchmarking against NCSC ten step approach, and monitoring by dedicated cyber security lead. At an operational level annual staff training and focus on specific actions via the compliance task list, the delivery of lunch and learn sessions and information on intranet pages/ regular reminders in staff communications etc. To bring forward targeted updates on a measured risk basis, if cyber threat incidents or risks emerge. Maintain the CPLRF Cyber Resilience plan with partners and exercise at appropriate intervals</p> <p>Undertaking of cyber breach exercise to test preparedness.</p> <p>Use and monitoring of the NCSC ten step cyber security process. Investment in dedicated cyber security team. Quarterly reports on NCSC 10 steps assessments are circulated to Shared services board, IG board and this quarter (Q2 23/24 - a more detailed briefing / presentation was done for OGC.</p>	L = 3 I = 5 Very High (15)	<p>More training and familiarity activity for staff. More BCP planning for services and organisationally.</p> <p>Recruitment and embedding of the dedicated Cyber Security resource + agreeing a programme of work fr the first 12 months.</p> <p>NCSC 10 steps risk management process to be implemented and embedded as part of standard working practices. Reporting to be refined to provide regular information ad updates to Shared Services board and the IG boards.</p> <p>ICT and Procurement teams are working together to ensure ICT requirements - such as cyber security, continuity and availability, etc are covered appropriately as part of procurement processes going forward. This should be a standard ICT requirement / part of the system specification.</p> <p>All service areas have been asked to review and update their BC plans (e.g. in the event of an incident that impacts the availability and security of ICT services). This is being monitored through the current set of service plans which are in the process of being peer reviewed)</p> <p>Investment in to SIEM implementation and adoption - Time, funding and resource is needed for FY 22/23 and beyond.</p>

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Information and Technology	339	Major ICT Failure Risk: Disruption to Council Operations	<p>CAUSE: Significant failure in the council's information technology (ICT) systems.</p> <p>EVENT: Major breakdown or malfunction in the council's ICT infrastructure or services.</p> <p>EFFECT: Severe disruption to council operations and services, potential data loss, service delays, and communication challenges.</p>	L = 3   = 4 High (12)	To reduce the risk of failure have existing steps & resources in place (dedicated network roles, security systems, UPS and generator power back-up etc)). Delivery of new peices of work that reduce the level of risk (e.g migration to new version of NSX in Q2 23/24 to improve service failover performance). Existing mitigations include, data centre split over 2 separate sites, immutable back-ups in place, separate systems management network to provide resilience in the event of high order failure, contract in place for 4 hour response if hardware replacement required due to faults. Data Centre software support in place. Regular maintenance in place to keep system updated and patched. In the event of failure to have organisational BCP measures and the identification of BCPs in service plans for 23/24. ICT are also performing their own BCP cyber related exercise and the outputs of that will be key to inform what and how services deliver their own BCP.	L = 3   = 3 High (9)	
**Corporate Risks**	Information and Technology	340	Information Breach Risk: Weakness in Data Security	<p>CAUSE: Potential weakness in the council's data security measures.</p> <p>EVENT: Significant breach of council information, involving unauthorized access or data theft.</p> <p>EFFECT: Exposure of sensitive information, legal consequences, financial losses, and damage to the council's reputation.</p>	L = 3   = 4 High (12)	Refresh of Information Governance arrangements - with focus on in service arrangements. Continued operation of compliance checklist and new assurance board to ensure more focus and accountability on compliance actions. To continue a focus on training, education and support for all staff (perm, FTC, contractors, agency etc) is paramount for mitigating this risk. To refresh IG management plans across all services supported by dedicated IG resource. Monitoring of performance in responding to Fol by SIRO to identify any services areas that present a performance risk and escalate where necessary	L = 3   = 3 High (9)	
**Corporate Risks**	Legal and Contractual	294	Weak Contract and Account Management Risks Financial Inefficiency and Business Needs	<p>CAUSE: Lack of documented processes, staff training, and consequences for non-compliance with codes/policies, leading to inadequate skills, poor planning, and time pressures.</p> <p>EVENT: Potential for unregulated providers, weak financial appraisals, and inefficient procurement, resulting in poor value for money and risks of non-delivery.</p> <p>EFFECT: Legal action from suppliers, reputational damage, financial penalties, poor value goods/services, and potential danger to customers/community</p>	L = 3   = 3 High (9)	<p>Clearly defined processes.</p> <p>Refresh of our procurement framework. Refresh of our Social value policy. Additional resource placed in procurement. Lunch and learn sessions for staff. Promotion of Code of Procurement, use of TechOne for raising and approving purchase orders and reporting on non compliance around these areas. Promoting the completion of a contracts' register.</p> <p>Routine evaluation of procurement practice through audit activity.</p> <p>Training of all budget holders in procurement practices</p>	L = 2   = 3 Medium (6)	Review procurement training and processes.



Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Legal and Contractual	368	Procurement resources	<p>CAUSE: Procurement legislation is not fully complied with.</p> <p>EVENT: Demand on the organisation's Procurement resources exceeds capacity, resulting in non compliance with procurement regulations</p>	<p>L = 4 I = 4 Very High (16)</p>	Supplement existing procurement resources with additional resource to focus on the new Procurement regulations coming into force Autumn 2024 and changes required to comply with those, to draft the Social Value Procurement policy and to propose changes which may streamline procurement processes.	<p>L = 2 I = 4 High (8)</p>	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Operating Environment	305	Unforeseen Events Risk: External Factors and Civil Contingencies	<p>CAUSE: Increasing Cyber Security threats, global pandemics like Covid, and climate change-related weather events pose risks of significant, unplanned events.</p> <p>EVENT: Unforeseen events with a direct impact on the organization or the area, requiring a Council response.</p> <p>EFFECT: Uncertain but potentially significant impacts on resources (income/funding), increased demand, and disruptions to planned methods of delivery (people, process, or technology).</p>	L = 3   = 4 High (12)	<p>good visibility of risk register across organisation.</p> <p>Effective Business Continuity and Emergency Plan. Planning and training for a range of eventualities should hopefully provide us with options for response even if the exact risk is not entirely forecast.</p> <p>Gold, silver duty rotas, training for SLT on duty rota, lessons learnt from bronze response etc To continually reflect and improve emergency planning arrangements. Horizon scanning and planning work via quarterly formal attendance at CPLRF forum at Exec level, allied to monthly attendance at Bronze level for tactical Emergency Planners and direct financial contribution to the CPFRL partnership to fund resources that operate across the partnership</p> <p>Horizon scanning to ensure early sight of any obvious changes</p> <p>Local Resilience Forum training and development, including use of lessons learned</p> <p>Regular review of risk register.</p>	L = 3   = 3 High (9)	
**Corporate Risks**	Operating Environment	308	Public Sector Partnership Risk: Financial Burdens and Delivery Impact	<p>CAUSE: Reduction in central government funding combined with demographic and other pressures, leading to potential risks of decisions by one partner impacting the costs or sustainability of another.</p> <p>EVENT: Transfer of demand among agencies due to reduced input in communities, creating challenges in controlling additional demand and budget pressures.</p> <p>EFFECT: Financial and capacity impacts on the authority, potential compromise of services to the public, and increased costs falling on the Council, as all partners experience significant changes and pressures.</p>	L = 3   = 5 Very High (15)	<p>Using evidence base to identify areas of greatest need (e.g. Covid impact assessment/ Joint Strategic Needs Assessment).</p> <p>Additional burdens funding sought and chased, pursue closer alignment with partners to understand early these pressures and impacts, strategic alignment with partners to share costs (across neighbouring councils or other public sector organisations), regular review/ analysis of 'state of the district' data and demand on HDC service to be able to track and respond quickly</p> <p>Develop a multi agency approach, working closer with partners, communities and other stakeholders to deliver shared Huntingdonshire priorities.</p> <p>Development of a new Huntingdonshire Place Strategy used to provide shared aims, priorities, outcomes and actions.</p> <p>Identification of partners priorities and their delivery across partnerships e.g. Joint Health and Well Being Strategy.</p> <p>Investing senior officer time in strategic and partnership forums to support delivery of better outcomes &amp; system wide improvements.</p> <p>Investing senior officer time in understanding partner issues, and looking to support partners with these issues (e.g. supporting strategy development, senior recruitment, address budget issues).</p>	L = 3   = 4 High (12)	Huntingdonshire Place Strategy adopted end 22/23.

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	Operating Environment	341	Industrial Action Risk: Disruption to Service Delivery	<p>CAUSE: Workforce dissatisfaction or disagreement on employment issues like wages or working conditions.</p> <p>EVENT: Initiation of industrial action, including strikes or other forms of labor protests.</p> <p>EFFECT: Impact on service delivery and corporate plan objectives due to disruptions caused by the industrial action.</p>	L = 4   = 3 High (12)	Open and transparent conversations about pay with staff and their representatives, being clear on the cost and implications of demands. The development and maintenance of business continuity plans in the event of industrial action, to seek to mitigate the impacts. Proactive communication with residents and communities who could be impacted in the event of the threat of industrial action. The co-production with the workforce of a Workforce Strategy to prepare the Council for the changing skills needed in our future workforce, and to ensure that we can continue to attract, retain and nurture talent.	L = 3   = 3 High (9)	
**Corporate Risks**	Operating Environment	342	Shared Service Breakdown Risk: Disruption to IT Services	<p>CAUSE: Breakdown in relations between the council and 3C shared service partners.</p> <p>EVENT: Significant deterioration in the working relationship and cooperation between the council and 3C shared services.</p> <p>EFFECT: Disruption of IT services and projects, potentially resulting in IT failures, project delays, and increased costs for the council.</p>	L = 2   = 4 High (8)	Re-baselining of all ICT costs currently underway. Strategic conversations about the future direction of ICT scheduled for 2023, to clarify requirements and service expectations going forward. Active review of partnership working between three councils also being proposed. Regular board meetings between all parties to discuss/resolve issues and ensure services being delivered are still relevant and effective. Dispute resolution protocols.	L = 2   = 3 Medium (6)	
Corporate Risks**	Operating Environment	347	Development Management Risk: Impaired Achievement of Commitments	<p>CAUSE:: Council lacks skills and/or resources for economic growth in the District.</p> <p>EVENT:: Failure to achieve housing, economic growth, and environmental commitments.</p> <p>EFFECT: Non-achievement of NNDR funding growth, unmet resident outcomes, and a threat to the future prosperity of the district.</p>	L = 4   = 4 Very High (16)	Undertake the Development Management Improvement programme to improve the performance of the planning service To continue enhanced performance management activity and focus on maintaining capacity in the team. "	L = 3   = 3 High (9)	
**Corporate Risks**	People	292	Council capacity and focus risks for corporate plan delivery	CAUSE: inability to effectively manage diverse programmes and change projects, leading to challenges in achieving MTFS financial targets and improved resident outcomes. Causes include ineffective resource management, poor performance monitoring, unclear corporate priorities, and a lack of alignment between work programs and	L = 4   = 4 Very High (16)	* Strengthen linkage between strategic and corporate priorities and programmes and projects delivered. *Ongoing review of Corporate priority programmes, projects & activities, including use of internal audit and external consultants. *Ongoing review of the Council's approach to programme and project management ensuring a significant focus on delivery across the whole Council. *All SLT members advocates and champions of adopted, proportionate and risk based approach. *Ongoing review of corporate officer governance.	L = 3   = 3 High (9)	*Spring 22 SLT restructure * New approach to 22/23 Service Plans established by end March 22. *Q1 22/23 implementation of SLT re-structure. *By end Q322/23 review of internal officer governance completed.

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
				<p>between work programs and local service plans.</p> <p>EVENT: difficulty unifying and managing various programs, hindering the delivery of MTFS financial targets and improved outcomes. Adverse impacts on the local community, reputational damage, site-based working instead of collaboration, delayed improvements, and resources not allocated strategically.</p> <p>EFFECT: Impaired ability to</p>		<p>New corporate plan developed and endorsed by Full Council in line with the clear objectives of the Council and clarity of actions being developed to deliver this, and alignment of MTFS against this. With clear and transparent quarterly reporting regime against this. Refreshed project oversight to monitor and deliver outcomes.</p>		

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
**Corporate Risks**	People	346	Workforce Recruitment and Retention Challenge	<p>CAUSE: Council faces difficulties in attracting and retaining well-trained staff.</p> <p>EVENT: Challenges in recruiting and retaining staff with the required skills and training.</p> <p>EFFECT: Potential workforce gaps leading to delays, diminished service quality, and difficulties in fulfilling various duties for the council.</p>	L = 4   = 4 Very High (16)	To deliver a renewed Workforce Strategy to prepare the Council for the changing skills needed in our future workforce, and to ensure that we can continue to attract, retain and nurture talent. To bring forward a new communications strategy which includes consideration of how to market HDC to potential employees. To reinvigorate the Employee Reps group, so that employees have a greater sense of involvement in, and commitment to, the organisation.	L = 4   = 3 High (12)	
**Corporate Risks**	Policy and Process	343	Resource and Process Deficiencies: Hindrance to Council Objectives	<p>CAUSE: Insufficient allocation, planning, governance, or internal processes within the council.</p> <p>EVENT: Inadequacies lead to challenges in fulfilling the council's objectives or legal responsibilities.</p> <p>EFFECT: Council may struggle to achieve goals or fulfill legal duties, potentially resulting in service disruptions, legal issues, and reduced effectiveness.</p>	L = 2   = 4 High (8)	Review of organisational governance and framework of assurance in place across organisational governance & risk, performance, project and programme delivery, strategic opportunities. ToR and membership reviewed and updated, to ensure Boards have appropriate data to review monthly, are empowered to make mitigation decisions and actively look to review and amend processes in line with emerging impacts, trends and pressures. A refresh of our Emergency Plan and Business Continuity plan activity. Organisation constitution in place that defines delegated authority limits and roles and responsibilities of Officers and Members. To complete senior recruitment .	L = 2   = 3 Medium (6)	
**Corporate Risks**	Policy and Process	344	Inadequate Internal Reporting: Impeding Timely Response to Resource Challenges	<p>CAUSE: Council's internal reporting lacks speed and coordination.</p> <p>EVENT: Resource shortages or increased demand occur, and the council's reporting systems cannot promptly identify and address issues.</p> <p>EFFECT: Delayed and ineffective responses, making it challenging for the council to address resource shortages or increased demand effectively.</p>	L = 3   = 3 High (9)	Complete refresh of performance management approach which will focus on more strategic measures and active management of cases that step outside agreed risk parameters. To embed greater focus on income and cost and not just net impact at financial reporting. To fully embed Risk Management thinking so that potential issues are monitored proactively.	L = 3   = 3 High (9)	

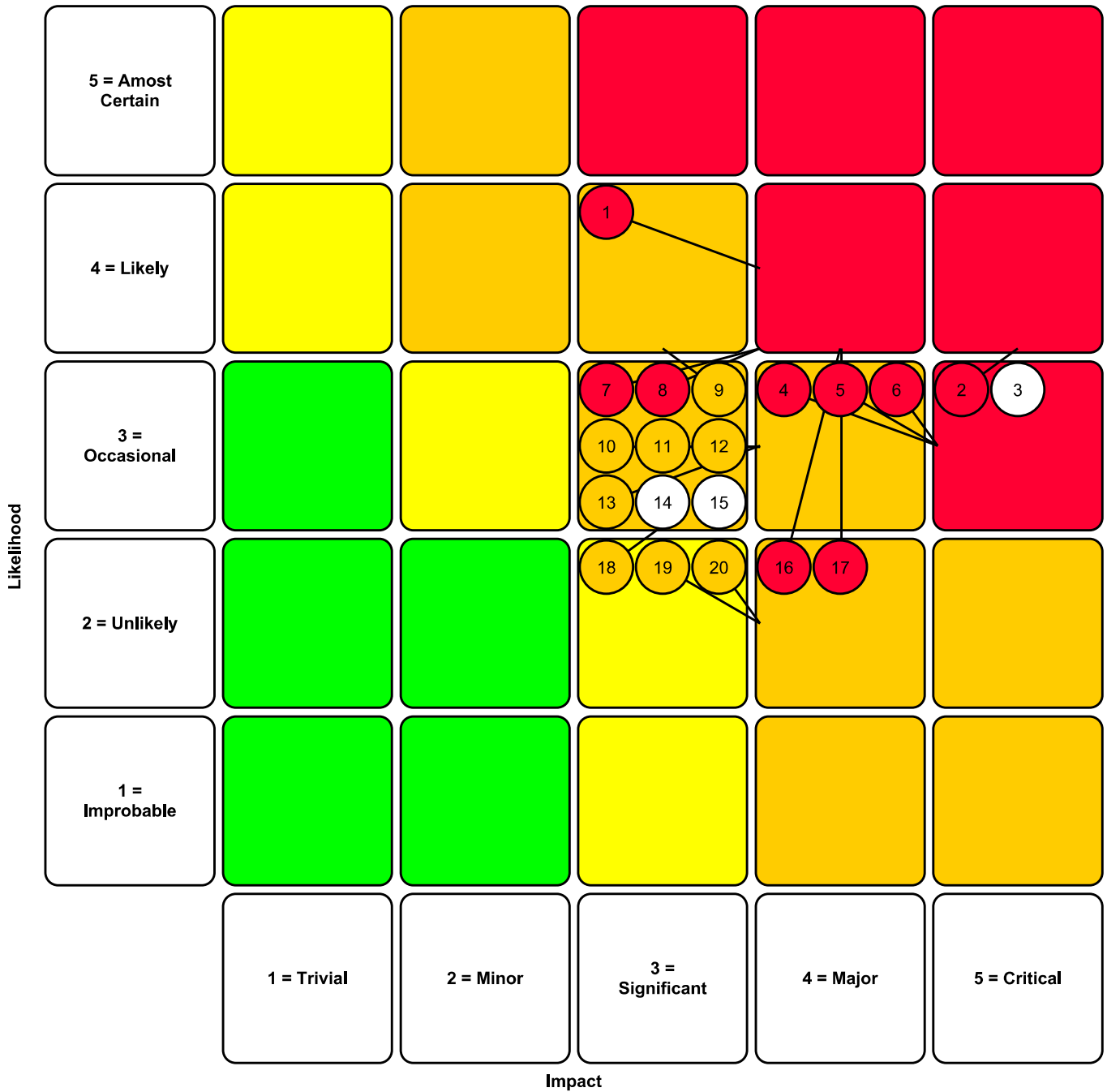
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# Risk Movement Report

<b>Report Date</b>	20 May 2024
<b>Risk Status</b>	Open
<b>Risk Area</b>	**Corporate Risks**, Customer and Reputational, Financial and Resources, Information and Technology, Legal and Contractual, Operating Environment, People, Policy and Process
<b>Risk Level</b>	Corporate

# Risk Movement Report

## Inherent to Residual movement





## Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
1	346	Workforce Recruitment and Retention Challenge	L = 4 I = 4 Very High (16)	L = 4 I = 3 High (12)
2	301	Cybersecurity Risk: Growing Threat Landscape and Vulnerabilities	L = 4 I = 5 Very High (20)	L = 3 I = 5 Very High (15)
3	367	General Election 2025 - Local Government funding changes	L = 3 I = 5 Very High (15)	
4	308	Public Sector Partnership Risk: Financial Burdens and Delivery Impact	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
5	348	Funding Gaps and Operational Disruptions: Impacts of National Policy Changes	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
6	289	Increased demand straining council finances	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
7	347	Development Management Risk: Impaired Achievement of Commitments	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
8	292	Council capacity and focus risks for corporate plan delivery	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
9	341	Industrial Action Risk: Disruption to Service Delivery	L = 4 I = 3 High (12)	L = 3 I = 3 High (9)
10	340	Information Breach Risk: Weakness in Data Security	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
11	305	Unforeseen Events Risk: External Factors and Civil Contingencies	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
12	339	Major ICT Failure Risk: Disruption to Council Operations	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
13	345	Resource Shortage Risk: Hindrance to Housing Ambitions	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
14	350	General Election 2025 - Legislative Changes Impact	L = 3 I = 3 High (9)	
15	344	Inadequate Internal Reporting: Impeding Timely Response to Resource Challenges	L = 3 I = 3 High (9)	L = 3 I = 3 High (9)
16	288	Financial strain and uncertainty impacting service delivery	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
17	368	Procurement resources	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
18	294	Weak Contract and Account Management Risks Financial Inefficiency and Business Needs	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
19	343	Resource and Process Deficiencies: Hindrance to Council Objectives	L = 2 I = 4 High (8)	L = 2 I = 3 Medium (6)
20	342	Shared Service Breakdown Risk: Disruption to IT Services	L = 2 I = 4 High (8)	L = 2 I = 3 Medium (6)

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## Appendix B

### Understanding the Risk Register, A Guide to Terms Used

Term	Meaning
Cause	This describes why a risk might happen e.g., a driver of a car not paying sufficient attention to their driving.
Event	This is what is likely to trigger a risk event e.g., in the same example, this could be the driver hitting another car.
Effect	This describes what is envisaged to happen if the risk occurs e.g., if the driver hit another car, it could cause physical damage and possibly injury to occupants.
Inherent Risk	The inherent risk score is what the risk would be if the organisation did nothing.
Residual Risk	This is what the risk score is anticipated to be once the organisation has taken action to reduce the likelihood or impact of a risk.
Risk Control/Mitigation	<p>This describes the action taken by the organisation to move from the inherent “do nothing” risk to the residual risk e.g., introduce driver awareness and skills training. If risk control action is taken, this is expected to lessen the likelihood or impact of a risk and therefore the residual risk score should be less than the inherent risk score.</p> <p>NB. It is not always possible to take action to mitigate a risk, or the cost of taking mitigating action might exceed the anticipated financial impact of the risk arising.</p>
Risk Score	To help assess the severity of a risk, scores are allocated to it depending upon the expected likelihood or impact, the table below describes these.

Risk Assessment Scoring Matrix:

<b>Likelihood / Frequency</b>	Almost Certain	5	Medium	High	Very High	Very High	Very High
	Likely	4	Medium	High	High	Very High	Very High
	Occasional	3	Low	Medium	High	High	Very High
	Unlikely	2	Low	Low	Medium	High	High
	Improbable	1	Low	Low	Medium	High	High
			1	2	3	4	5
			Trivial	Minor	Significant	Major	Critical
			<b>Impact</b>				

**Likelihood / Frequency**

Alternatively this could be expressed as likely to happen within the next:

- |                           |  |          |
|---------------------------|--|----------|
| <b>5 = Almost Certain</b> | Will definitely occur, possibly frequently.  | Month    |
| <b>4 = Likely</b>         | Is likely to occur, but not persistently.  | Year     |
| <b>3 = Occasional</b>     | May occur only occasionally.   | 3 years  |
| <b>2 = Unlikely</b>       | Do not expect it to happen but it is possible.   | 10 years |
| <b>1 = Improbable</b>     | Can't believe that this will ever happen, but it may occur in exceptional circumstances. | 20 years |

When considering Health & Safety related risks, the likelihood should be expressed as being likely to happen within the next:

- |                       |         |
|-----------------------|---------|
| <b>4 = Likely</b>     | Monthly |
| <b>3 = Occasional</b> | Yearly  |
| <b>2 = Unlikely</b>   | 5 years |

Further advice on assessing Health & Safety risks can be obtained from the Health & Safety Manager

## Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

**1 = Trivial** event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers.
- increase the Council's net cost over the 5 year medium term financial strategy (MTFS) period by £50,000 or less.
- be managed with no reporting in the local media.
- cause localised (one or two streets) environmental or social impact.

**2 = Minor** event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days.
- increase the Council's net cost over the 5 year MTFS period by more than £50,000 but less than £100,000.
- result in minor short-term (up to a fortnight) adverse publicity in the local media
- \* be a Health and Safety (H&S) concern that results in an injury but 7 days or less off work
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

**3 = Significant** event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances.
- affect service delivery in the longer term.
- increase the Council's net cost over the 5 year MTFS period by more than £100,000 but less than £250,000.
- result in significant adverse publicity in the national or local media.
- \* be a Health and Safety concern that results in more than 7 days off work or is a specified injury, dangerous occurrence or disease that is required to be reported to the H&S Executive in accordance with 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013' (RIDDOR)
- has a short term local effect on the environment, or a social impact, that requires remedial action.

**4 = Major** event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Managing Director involvement.

- increase the Council's net cost over the 5 year MTFS period by more than £250,000 but less than £500,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media.
- significantly affect the local reputation of the Council both in the long and short term
- \* results in the fatality of an employee or any other person
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

5 = Critical event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services and cause a total shutdown of operations.
- increase the Council's net cost over the 5 year MTFS period by more than £500,000.
- have an adverse impact on the national reputation of the Council both in the long and short term.
- have a detrimental impact on the environment and the community in the long term e.g., catastrophic and / or extensive discharge of persistent hazardous pollutant.

## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
24/01/2024	<p><b>The Code of Procurement Waiver Procedure</b></p> <p>Digest of all uses of the waiver procedure to be presented to the Committee.</p>	At future meetings as required.		Procurement Lead	No
26/04/2023	<p><b>Shadow Cabinet Members</b></p> <p>Raised by Councillor J A Gray. Elections &amp; Democratic Services Manager undertook to take this forward in conjunction with the Managing Director (Interim) outside of the meeting.</p>	25/09/2024	Constitutional Review Working Group appointed at Annual Council on 22 May 2024 to take forward a review and update as appropriate of the Constitution.	Elections & Democratic Services Manager	Yes
27/09/2023	<p><b>Risk Management Strategy</b></p> <p>Suggestions to reduce the number of risks within the register and ordered based on priority, as well as consideration of</p>	09/07/2024		Director of Finance and Corporate Resources	No

## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	<p>modernising the Risk Management Strategy.</p> <p>Review out of date risks and suggested standardisation throughout the document of risk assessing likelihood/impact and formatting.</p> <p>Suggested that Councillors and Officers collaborate on the Risk Management Reporting Framework.</p>				
27/09/2023	<p><b>Unaudited Statement of Accounts 2022/23</b></p> <p>Information requested on why the <b>pension deficit/surplus</b> had seen significant change due to War in Ukraine; whether it had been impacted by the stock market in 2022; and whether the Pension Surplus was likely to continue for the next two years.</p>	09/07/2024		Director of Finance and Corporate Resources	No



## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

<b>12/07/2023</b>	<b>Internal Audit Progress Report</b> Information requested on an update on Ref.1638, Debtors Action, which had been put on hold.	09/07/2024		Director of Finance and Corporate Resources	No
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